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# Gold—the new U.S. stunt

BY C. GORDON TETHER

HOW MUCH longer, one wonders, are the members of the International Monetary Fund going to stand idly by while the U.S. insists on using its campaign to denigrate gold as a means of clearing the way for the final triumph of dollar imperialism?

The latest example of Washington manipulation of this kind—and one of the worst yet—has taken the form of back-peddling on the international agreement on the partial liquidation of the Fund's stock of the metal reached at its last annual meeting in September. And like so many of the others, it is based on a highly selective interpretation of the significance of the Fund's articles of agreement.

The intention of that agreement, it will be recalled, was to bring about the marketing, at the going price, of some 25m. ounces of the Fund's holdings of the metal—the argument having been accepted that gold scheduled to be demonetised did not make sense to have large quantities eternally locked up in the Fund. The difference between the price obtained for it and the figure indicated by the official parity of \$42 per ounce was to be used for augmenting the flow of development finance to the poor countries of the world.

## Crucial

The back-peddling on Washington's part is concerned with the crucial question of who is to be free to purchase this metal. And how crucial it is may be gauged from the fact that the 25m. ounces involved is roughly equivalent to a year's output from the world's gold mining industry. For it follows from this that the extent of the demand could materially influence the amount the poor countries get out of it.

Up to recently, it had been taken for granted that the central banks of all member countries would be free to purchase Fund gold as soon as it was put on offer. For this would be in accordance with the related understanding that gold could henceforward be purchased at market prices for official purposes by the countries participating in the pact, as well as others, on one condition—that, during the next two years, the total monetary stock of gold (that is official reserves plus IMF stocks) was not increased.

It seems, however, that the U.S. is now choosing to "dissent" from this understanding. Thus, according to the recent pronouncements from the American Treasury's top brass, Washington now objects to central banks being allowed to buy the liquid-

ated Fund gold—at least in the initial stages. And it bases this stand on the contention that the requirements of the Fund's charter in regard to central bank activity in gold must remain in force until they are formally amended.

The Fund's rules, it should be explained, prohibit central banks from purchasing gold at prices exceeding the official parity of \$42.22 per ounce. And as formal ratification of the required changes could take anything up to two years, complying with the American interpretation would mean either leaving the Fund's sales free to act as a considerable drag on the market in the year immediately ahead or denying the poor countries access to the funds they badly needed for a very long time.

Some American commentators have attributed Washington's decision to put a spoke in the wheel of the new international understanding on gold before it had even begun to turn to the acquisition of another 25m. ounces of the metal would give central banks an even greater vested interest in opposing its demonetisation than they have already.

But it seems just as likely that it is another manifestation of the campaign Washington has been running during the past year to denigrate gold in the eyes of the general public by generating maximum uncertainty about its future value.

## A bad deal

It is intolerable that the U.S. should try to push the rest of the world around in this fashion. The decision to devote the profits from the sale of Fund gold to the relief of world poverty was taken because the less-developed countries had got a very bad deal from other countries during the past few years in two ways. One was by being denied any offset for the inflationary erosion of reserves expressed in international currencies. The other was by being landed with a disproportionate share of the collective oil deficit.

It is quite wrong that Washington should now be attempting to reduce the value of the compensation for these injustices, that it had been decided to award to these countries. It is equally wrong that it should be using a highly U.S.-oriented interpretation of Fund rules to this end.

SALEROOM BY ANTONY THORNCROFT

## Firebird Suite for £10,777

FOR THE past few days all the attention of the art world has been directed at the second series of auctions organised by Sotheby's at Monte Carlo. The most fascinating sale was that of the 2,000 volumes in the library of the great Russian patron of the arts Serge Diaghilev and the dancer and choreographer Serge Lifar. The Diaghilev-Lifar Library, the finest collection of Russian works from the 18th to the 20th century, made £53,137, just about on target. It was sent for sale by Serge Lifar.

By far the highest price was the £10,777 given for a previously unknown version of Stravinsky's *Firebird Suite*, an autograph signed and dated 1915. Musical manuscripts were in more demand than the works of the great Russian writers, and a signed Ravel orchestration of the *Menuet Pompeux* by Emmanuel Chabrier made £3,101.

The major sale was of gold boxes and objects de vertu, including two famous pre-1939 collections, those of the late Mrs. Roman Holiday.

A second likely winner for the Gifford brothers is Captain George, who bids for his fourth course victory in the Tetworth Novices Chase. This smart Mon Capitaine gelding, a winner here last season, has achieved a first and a third from two outings this season.

A three-lengths winner from the moderate General Ginger Nut over two miles here on October 25, Captain George went on to finish only third of four behind Sir Balaclava in a similar event at Kempton, for which he was an even money favourite.

However, Captain George may have found the two miles on fast ground at Kempton on the sharp bend, Sir Balaclava's final mile here, and after going, I believe he will return to winning form. Roaring Wind is an obvious danger.

At today's other meeting, Newton Abbot, where *Greenwood Paul* can end a run of unplaced efforts by taking the

£18,050. A George III mahogany longcase clock by Mudge and Duffon beat its forecast at £2,800 and a gold and enamel quarter repeating verge watch by Chevalier and Compe did well at £1,900. An early longcase clock by Richard Adam also beat its estimate at £1,800.

Among the books, a first edition of *Simplicius*, printed in 1499 as a commentary on Aristotle, trebled expectations at £1,100, but a first edition of Locke's *Essay on Human Understanding*, under £1,000. A first, 1887 edition of the works of Sir Thomas More also went comparatively cheaply at £900.

At Phillips's a furniture sale brought in £21,739 with Bishop's paying £490 for a 18th-century giltwood chair and a Markel giltwood chair for a set of six giltwood chairs in the Louis XVI style.

To-day is Christie's day with a major sale of Impressionist and Modern paintings including two good Picassos, a Modigliani, four Renoirs, a Braque, some Degas, and much more.

RACING BY DOMINIC WIGAN

## Gifford brothers should win

THE FORMER champion jockey, Josh Gifford, has a particularly impressive record at Huntingdon, where his 15 runners last season won seven races, so I do not intend opposing his lightly-weighted Arctic Amoro in the valuable Peterborough Chase there to-day.

This tough chaser, a comfortable winner from Dream 1916

the saddle—is ridden as usual by Josh Gifford's brother Macer. A clock and seconds instrument added to the won't-be-outside publication, "Trainers' Record", which says in its analysis on the Fimdon-trainer that "Gifford's horses should definitely be followed when sent to Huntingdon," by obliging mainly at the expense of the Kirk and Kirk Chase winner, Roman Holiday.

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TV treatment of race prejudice criticised

TELEVISION programmes including the BBC's *Till Death Us Do Part* and *ITV's Love Thy Neighbour* were condemned yesterday for their treatment of racial prejudice. The Community Relations Commission said that in most light entertainment programmes "black people" were accepted for their abilities, but in these two programmes race was introduced deliberately as a subject of importance.

"However well-intentioned such programmes are, there is bound to be a substantial risk that instead of breaking down stereotypes and reducing the expression of racial prejudice, such programmes reinforce and legitimise negative attitudes."

The commission was giving evidence to Lord Annan's committee on the future of broadcasting.

WINE

## High prices of Beaune

BY EDMUND PENNING-ROWSELL

BEAUNE, with its girdle of 72 Chablis should turn out well, ramparts, its unobtrusive but fine old houses and its magnificent Flemish-style Hotel-Dieu is one of the most agreeable smaller French towns to visit. It would not, however, be one's first choice during the dank, damp days of mid-November, when even the famous vineyards on the long hills above the town have sunk into leafless winter obscurity.

Nevertheless for the last century and a quarter the governors of the Hospices de Beaune have normally insisted on holding their annual auction of their new wine produced from some 30 vineyards lying on the Côte de Beaune. So the merchants thronged with wine to see, to taste and occasionally to buy.

## Fermenting

Of course it is scarcely the best of moments to estimate the quality of six-week-old wine, usually still fermenting, and for which a high price is expected. The much less important Hospices de Beaune, which the wine can be better judged; and one commonly hears suggestions that the Beaune auction be transferred to the Spring.

As the authorities have recently been more generous with their credit terms, they would have their money no later than now. After the poor 1955 vintage, the sale was in fact postponed until the following March, albeit without much success, for 295 cases of wine realised about £5,000.00. But then the vintage was terrible.

No doubt the present arrangements for the Hospices authorities will be enough, for generally the prices are very high, and they are able to dispose of the wine both financially and physically within a few months of the vintage. Certainly this year's current conditions they have had not to be dissatisfied.

Such conditions include world-wide economic recession, a very short crop, and a moderate quality that cannot be hidden under the local jury's sonorous phrases about the fine colour, suppleness and finesse of the red wines and the perfumed aroma, fruitfulness and "generosity" of the whites. Those who attended the pre-sale tasting in the Hospices cellars could only remark on the poor colour and body of the red wines, though the whites were certainly better, so far as could be judged from the samples.

That this is the picture of the 1975 vintage was confirmed at the vast annual exhibition of French wines in the Town Hall: from Chablis in the north

to Beaujolais in the south. The 72 Chablis should turn out well, for they escaped the savage storms that hit the Côte d'Or and the hills above Beaune. The reds of the Côte d'Or do not appear to have fared so well, and the success of the Côte de Beaune whites will depend very much on the skill of the local vintners. But the crop was very small. One *Mourvès* grower I visited had made only a quarter of a normal crop; the rest was bailed.

Further south, the Côte Chalonnaise seems to have fared rather better, and some, but not all, of the "crus" beaunois from Juliénas, Chénas, etc., may turn out reasonably well. Yet whether or not the controversial beaunois premier crus up to scratch, the Hospices sale left the Beaunois area with it at midnight on November 14 must surely have carried with them the blessing and gratitude of the growers who had rid themselves so speedily of this wine.

## High enough

However, from the hot, noisy, excessively long Hospices auction in Beaune's market hall, it did not appear that the bid-bell believed 75 to be an off-vintage. If prices did not reach the giddy heights of 1972 when 750 headcases (=25 dozen bottles apiece) made an average price of £10,000 a case, or the £5,000 of 1973, the average of £7,200 for a mere 267 pieces seemed high enough, considering the quality of the wines and the general drop in demand for top quality burgundies.

Indeed the wine which recently has always attracted the top price of the sale, the Corton Charlemagne Cuvée François de Salins made a runaway record of £5,000 apiece for the two cases on offer. At an ex-cellar price of about £17 a bottle, and a retail price of £40, it is not surprising that the 600 bottles should reach—between £25 and £30, it might be said *en gros*—a price which is not incommensurate.

But to take the Hospices prices at face value would be to misunderstand the nature of the sale. The charity aspect may be discounted these days, but not the publicity value within France, which no doubt, is why the firm of Patriarche always insists on buying the first lots while the television cameras are scanning the crowded scene from the balcony.

In France the Hospices sale is news, and so for the Burgundy trade as a whole it carries an importance far beyond the conventional Beaune Côte d'Or. This year, as last, the leading merchants were quite prepared to bid for

wines they did not particularly want, in order to support the market and the value of their own stocks—a practice not unknown at auctions elsewhere. It would have gone forth of a store in prices at the Hospices de Beaune, and it was not only the affected public estimate of the 1975 vintage but, more important, in effect deranged the price of quality burgundy.

Certainly the local merchants did support prices this year, although some notable names were absent from the auctioneer's list. Patriarche of Beaune bought 23 out of the 61 lots of wine, and it was Jaber, Fichet, and others of Beaune, who along with a Paris *Château* acquired the Corton *Charlemagne*. Chanson bought the headcases of the latest addition to the Hospices vineyard, while Corton given in memory of Paul Chanson, who died last year.

However, very noticeable was the absence of foreign buyers from Britain, the U.S. and from Japan who had begun to buy in recent years. One reason has said that the British merchants were "outbid" this year, but that seems unlikely, for the shortage of foreign buyers lacking in the Beaune wine hall, few if any actually placed bids.

In 1973, when Augustus Barnett achieved a certain unexpected prominence, there were no fewer than 26 different successful British buyers, eight from the U.S. and four from Japan. Last year their numbers had dropped to five, four and respectively and this year there was just one small English buyer, Independent Wine Buyers of London, and none from the other two countries.

This reflected not only a sober view of the vintage quality, but the shortage of foreign buyers, and the state of the market for fine burgundy in the three countries. On the other hand, business has revived in France, as well as in Belgium, Holland and Switzerland. Most of the top-price red wine was the Corton Cuvée Dr. Paste, which to Belgium and Swiss buyers was £11,000-12,000.

## Difficult year

If the Hospices authorities in recent years have been doing a good deal of the profit of the auction to renovate the splendid old buildings, may be too satisfied with the proceeds this year, compared with nearly £13.5m. last year, and record £15.5m. in 1973, they could have a good deal worse in what essentially a very small vintage for burgundy and difficult year for buyers.

## New Radio

+ Indicates programme in black and white.

**BBC 1**  
9.55 a.m. For Schools, Colleges.  
10.00 a.m. Biddowen, 12.55 News.  
1.00 P. M. Biddowen, 1.45 Barnaby.  
2.02 For Schools, Colleges, 12.58 Regional News (except London).  
4.00 Play School, 4.25 Deputy Dave, 4.50 Jackanory, 4.45 Animal Magic, 5.05 John Craven's Newsround, 5.15 Emu's Broad-casting Company (BBC 1), 5.40

Wales—2.40—3.00 p.m. For

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## F.T. CROSSWORD PUZZLE No. 2,945

ACROSS  
1 Last month I got a friend to do away with the 10 per cent. (5)  
3 Pass a hint to one with straight hair (6)  
5 Overcoats for anemic youngsters (8)  
10 He includes features of the final transport (6)  
11 On which we find honest people without any inclination (3, 5)  
12 Old airline gets the bird to get out (4, 2)  
14 Square player all set for the square shoot (7, 3)  
16 Where one is in trouble without a paddle (2, 3, 5)  
22 Most unusual form of arrest (6)

DOWN  
1 Place in one river to make over (6)  
2 Neck band found in bed with 550 note (6)  
4 The calling mowers me row (6)  
5 Put thus soldiers used to meet their end (2, 3, 5)

SOLUTION TO PUZZLE No. 2,944

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## ENTERTAINMENT GUIDE

### OPERA & BALLET

COLISEUM (01-835 3161). ENGLISH NATIONAL OPERA. Tonight, *Die Walküre*. Tomorrow, *Die Walküre*. Tuesday, *Die Walküre*. Wednesday, *Die Walküre*. Thursday, *Die Walküre*. Friday, *Die Walküre*. Saturday, *Die Walküre*. Sunday, *Die Walküre*.

ROYAL SHAKESPEARE COMPANY. Tonight, *Macbeth*. Tomorrow, *Macbeth*. Tuesday, *Macbeth*. Wednesday, *Macbeth*. Thursday, *Macbeth*. Friday, *Macbeth*. Saturday, *Macbeth*. Sunday, *Macbeth*.

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ROYAL SHAKESPEARE COMPANY. Tonight, *Macbeth*



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by CLEMENT CRISP

Nijinsky in 'Scheherazade,' Budapest-1910

by DENYS SUTTON, Editor of Apollo



Just as with the study of Western painting, that of Chinese painting is attended by numerous problems. The question of prehistoric painting is a complex one, involving the Chinese reverence for tradition which means, in effect, that a creative artist was often happy to copy an earlier work or to imitate a famous master. The use of the name of the "copy" in Chinese would form the theme for an instructive exhibition. The quality of the one at the British Museum, for example, is the quality of the works displayed, which range from the 14th to the 14th centuries AD. In the light it sheds on the changing attitudes of Chinese artists to the past is of great interest. The aim of the Northern Song painters was to present the

Yuan (c. 1900-1225), an example of the refined tastes of the court. The scholar with his servant are shown in their garden. The painting is a reflection of life that has been composed, for Yuan was a Western mind, an essential element of "Chinese taste." In wandering round the show garden, delving in the passionate flowers that is revealed in these pictures, it is hard to believe that these were created during years of crises. Wen Fong points out that the Yuan literati, the Mongol court, poetry and painting became part of an underground culture in the south, recommending a lost time and turning to the past for resistance. In flower paintings, the literati were looked on increasingly for their allegorical significance.

ing from the London Philharmonic. They opened with Johannes McCabé's episodic work for larger orchestra, *The Chagall Windows* (1992), which was a wonderfully tailored enthusiasm when the Halle (which commissioned it) played it in London last season. Credit where due; so retrospective credit to the Halle, where McCabé's music is effectively taken from the LPO's Hainkiss is a fastidious preparer, but did not make McCabé's rougher passages flow. It is a more convincing and more argumentative and imaginative texture.

Alfred Brendel was the soloist in Beethoven's C major piano concerto. A radiant performance, with a fine sense of balance between classical nicety, colour and energy. Brendel also started the first movement solo.

phrases larger, the attack stronger, as Beethoven's thoughts grew larger, until a cadenza so long and elaborate that it seemed almost a new sonata. The slow movement was, as I said, a legato, tender moulding of the right hand decoration, suave orchestral playing. The finale was dapper, bright-toned, rhythmically exact, but it was as clear as Beethoven can come to the chattering sense of humour. Brendel is such an elegant, intelligent artist that the compliment seems thin; nonetheless, I have never heard him play better.

For the LPO, the symphony was the evening's *force majeure*. It was Dvorak's *New World*. The first music connected with a happy, sunny romantic tension and tidy direction.

**GILLIAN WIDDICOMBE**

by ANTONY THORNCROFT

## Elizabeth Hall

by GILLIAN WIDDICOMBE

conductor Geoffrey Laycock had afford to be fussy. First, tune taken care in scaling down the your chitarone, . . .

## Elizabeth Hall

by MAX LOPPERT

Details of some volumes, as they will when the overall interpretation has been wholly and thoroughly considered. In the *Magico* the *Magico*, Quartet, for example, the first violin unusually delayed the crescendo of his opening *Magico*, A. allowing the note to be sustained for a moment of difficulty, was the kind of illumination one hopes for in Beethoven's notes on the page, marked by little expressive *Magico*. The *Magico* ensemble were never strained or forced: it was, rather, the inner spirit of the playing that lacked the *Magico* in particular is probably the most difficult ever written, as far as sustained balance and *Magico* are concerned, no great blame attaches to these comments.

Phoenix Opera  
gala

The English National Opera announced the death yesterday of the designer, Rudolf Heinrich. He was in London working on designs for *Salome*, opening at the Coliseum on December 11.

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You want to make a profitable partnership. We can introduce you to the people you'll most want to do business with.

## WORLD TRADE NEWS

### Tehran talks on expanding Indo-Iran exchanges

BY K. K. SHARMA

NEW DELHI, Dec. 1.

A HIGH level delegation led by Mr. Harish Mahindra, president of the Federation of Indian Chambers of Commerce and Industry, is en route to Tehran for talks on the development of industrial and trade relations between India and Iran.

The delegation has been invited by the Iran Chamber of Commerce, Industry and Mines. It will explore possibilities of expanding bilateral trade and also identify institutional arrangements to promote trade investments in both countries.

Business leaders in Iranian industry and commerce as well as Government officials will meet the team during its 12-day stay. Indo-Iranian trade has been rising over the past four years. The value of Indian exports rose from \$22m. in 1972 to \$240m. last year. But India has an enormous trade deficit of \$280m. mainly because of the rise in crude oil and petroleum product prices.

### U.K. to help Russia deal with wider car ownership

FINANCIAL TIMES REPORTER

LORD ERROLL, chairman of the Council of the Institute of Directors, said in London yesterday that the Automobile Association (of which he is also chairman) had offered help to deal with problems likely to arise as car ownership spread in the USSR. Lord Erroll has just headed an Institute delegation which spent a week in Moscow discussing possible deals under the Anglo-Soviet trade agreement.

A member of the Russian Committee on Science and Technology is to visit London this week, and would be shown round AA headquarters, Lord Erroll stated.

### Cost to E. Germany of higher Soviet prices

BY LESLIE COULT

BERLIN, Dec. 1

EAST GERMANY has released figures showing the effect that price rises for imported energy sources and raw materials will have on its trade with the Soviet Union over the next five years.

The statistics, published in the main Communist Party newspaper Neues Deutschland, show that bilateral trade in the Five Year Plan beginning January 1976, will amount to 100 billion marks (180bn.), expressed in 1974 prices. However, expressed in the new internal Comecon "contract prices" set this year, East German-Soviet trade will be worth 140bn. (250bn.) up to 1980. The difference is largely accounted for by higher prices East Germany will pay for Soviet

crude oil, natural gas, iron ore, cellulose, asbestos, and other important raw materials. The figures are the first to show the shift in terms of trade between the two main trading partners of the Communist bloc. Until last year East Germany benefited by low prices for Soviet exports of natural resources and relatively high values for its industrial product exports to Russia.

The 140bn. figure is given as "approximate," presumably because the "contract prices" provide for yearly adjustments based on the average international prices for a specific product over the preceding five-year period.

### BOTB in drive to aid exporters

Financial Times Reporter

THE British Overseas Trade Board is to hold a series of export conferences over the next 15 months, starting with one at Sheffield on Thursday. The purpose is not to export, but to try to help companies which have made a success of exports in terms of profit and employment to pass on their experience to those who could do better.

Aided by the CBI, Chambers of Commerce, the British Institute of Management and government regional offices, companies with a good export experience will be written up as case studies for presentation to the local conference. The aim is to have "business talking to business."

Leading trades union officials have been invited to the first meeting at Sheffield, the forerunner of others throughout the country. Companies have been asked to bring their principal shop stewards.

The second conference will be at Bristol (December 11) and the next at Southampton (January 21).

### Russia may limit use of Malta docks

By Our Own Correspondent

VALLETTA, Dec. 1.

THE SOVIET UNION may be planning to restrict the use of Malta docks for tanker ships because of the cold diplomatic relations between the two countries.

Drydock officials on their way to the Soviet Union to discuss ship repair work for the yard were refused visas, and were forced to return home. This is believed to be the first time drydock officials were stopped from entering the Soviet Union.

The incident may be a direct result of Premier Leonid Brezhnev's remarks about the Soviet Union at a recent public rally. He said permission for the setting up of a Soviet Embassy would continue to be denied unless a trade deal was first concluded.

At the same time the Russians may be feeling uneasy in sending their ships for repairs where a number of Chinese technicians are working on building a new drydock. Malta's affinity with China makes it clear that Soviet Russia is for a closer working relationship and is treated with utmost care.

Earlier this year a Soviet trade delegation visited Malta in the hope of securing the creation of a permanent trade mission office in Valletta. But Mr. Micallef refused to grant Soviet staff diplomatic immunity.

Last year the Soviet Union sent 15 vessels for major repair at Malta drydocks.

### Pakistan to build Cessna aircraft

By Iqbal Mirza

KARACHI, Dec. 1.

AN INDIGENOUS aircraft and helicopter industry will soon be set up in Pakistan. The projects will be located near Campbellpur, in the Punjab.

Cessna Aircraft, a major producer of light-wing aircraft, has agreed with Kiyuski International to produce Cessna TA-41D aircraft under licence in Pakistan. Kiyuski International has signed an agreement with Hughes Helicopters in Pakistan. Cessna and Hughes have a large demand in the Middle East and could prove to be good foreign exchange earners for Pakistan.

The two plants are expected to produce 80 helicopters and 80-70 aircraft annually. The plants, in the beginning will use imported aluminium parts and engines to be assembled here.

Among the points they are making is that over the last five years the number of days lost per 1,000 workers in Britain is lower than in many other countries, including Italy, Canada, the U.S., Finland and India. They emphasise that the TI Steel Tube Division is much below the national averages for Denmark, Belgium, France and Japan.

### Contracts Abroad

L. M. ERICSSON is to manufacture conventional cross-bar telephone exchange equipment costing \$70m. for Algeria, to be installed in about 80 towns over the next three years.

### INDIAN JUTE INDUSTRY CRISIS

## Price factor crucial in fight for survival

BY P. C. MAHANT, IN CALCUTTA

DESPITE THE Indian Government's 10 per cent subsidy scheme covering carpetbacking and decorative hessian exports, the pessimism prevailing in the jute industry for over a year has not noticeably been relieved. The industry apparently feels that the subsidy will not go far towards cutting its losses, as the Jute Commissioner says it will.

Losses in hessian and sacking exports are too heavy to be neutralised effectively by the 10 per cent cash subsidy on carpetbacking and the lighter decorative hessian specialties which constitute only one third of total exports and one quarter of the total output.

### Recession

The recession in the U.S., Western Europe and Japan is the main reason for unsatisfactory demand. What makes matters more difficult is the stiff competition which synthetics and Bangladesh are now offering in all the principal markets. The world energy crisis, it seems, has not damaged the competitive strength of the rival synthetics—polypropylene and polyolefin. The producers concerned have found a way not only of maintaining their competitive strength but even offering appreciable discounts to undercut jute when the circumstances warrant.

On top of it all, the Indian Government insists that the mills should go on working at full capacity to meet the demand for overseas exports, apparently suggesting that the present difficulties are a passing phase.

Because of the Government's insistence, which is prompted by the wish to ensure a stable price for raw jute and stable employment for jute mill labour, the mills say they are having to lose heavily, which indeed they must be on their current costs and prices.

The industry has been appealing to the Government to extend the benefits of the subsidy scheme to all exports and to remove the duty on sacking—export duties on carpetbacking and hessian have already been removed. It hopes in the meantime that orders from the developed Western economies will soon improve and that Russia will resume buying Indian jute goods on the scale it had been doing until last April.

By all accounts 1975 will be a bad year for Indian jute. But what is the outlook for next year and 1977? A study of the medium-term outlook by the Federal Agriculture Organisation's Inter-Governmental Group on Jute, Kenaf and Allied Fibres, seems to suggest that the prospects for this industry are not going to brighten in the next two or three years unless something very unexpected happens.

The study says that after the scarcity of synthetics following the energy crisis, supplies of polypropylene polymer became much easier in 1974-75 and the prices even weakened considerably. While the synthetic fibre prices were falling those of jute goods were rising, so steeply in

fact that the competitive position of jute deteriorated quite sharply. Consequently the displacement of jute by synthetics accelerated.

Giving examples of the jute losses, the FAO study cites the instance of the U.S. cotton bale market, a major area of jute goods consumption and once a preserve of jute. Because of its growing cost advantage, woven polypropylene started making inroads into this field, as did synthetic sheet materials. During the past year when it was expected that jute would recover some of the lost ground, not only did the inroad increase but it is now obvious that as supplies of synthetic hessian materials expand, a rapid displacement of jute is most likely to take place.

In the primary carpetbacking market, which contracted drastically during the last quarter of 1974 with the slump in the construction industry and in demand for motor vehicles and other durables, jute lost further ground through lack of competitive power. Its share fell to 25 per cent from 33.2 per cent a year earlier and 80.6 per cent in 1968. In other parts of the world such as Australia and Western Europe the story was very much the same.

A substantial part of the primary backing market in Australia had already been lost, and that loss continued in 1974-75. In other parts of the Indian Government. A large part of the woolpacks market has been lost to polyolefins—the other synthetic which has not been affected by the energy crisis at all—both on technical and price grounds. In Western Europe jute, says the study, has virtually lost the primary backing market. That market can never be regained unless jute becomes at least 25 per cent cheaper than woven polypropylene, which does not seem likely.

### Standard fabrics

In the case of standard fabrics, woven polypropylene has a considerable price advantage in Europe over the heavier types of jute hessian and in the carpet weft yarn market, polypropylene has a price advantage ranging from 25 to 50 per cent. Secondary carpetbackings and lighter hessians still have a competitive edge over the synthetic rivals in Western Europe, as in the U.S., but overall the prospects for jute in Europe (Eastern Europe included) appear uncertain primarily because jute consumption in Western Europe has been declining steadily.

The Western European share in world jute consumption fell to only 6 per cent, compared with 20 to 25 per cent in the early 1950s and 15 per cent in the mid-1960s. In East European countries, too, a marked switch has been taking place to synthetics—in Poland and Hungary in particular, which account for most of jute goods imports in that part of Europe.

The Group is more optimistic about the medium-term

prospect or what it calls the slightly long-term. In the first place world prices of polypropylene are expected to recede after 1977, when considerable new capacity is scheduled to come on stream—there might even be some excess capacity in Western Europe and Japan. In the U.S. synthetic prices might increase if the producers chance over to feedstocks based on naphtha or heavier oil from light hydrocarbon feedstocks as at present. But the synthetic manufacturers with the resources at their command which the jute goods makers can never have, may still find a way to remain competitive.

Thus, the battle for markets between jute and the synthetics is obviously going to intensify, with sharply increased odds in the latter. Since price will be the main weapon with which the battle will be fought, jute goods producers must devise ways of offering their goods cheaper and still earn normal profit. Government cannot go on subsidising indefinitely. The present India cash subsidy scheme will operate only until next March, and its extension thereafter would be difficult, at least politically.

Unless it has used the jute international may come into existence some time next year. One of its main duties will be to help jute goods producers find ways of fighting synthetics but even without the international forum, the industry's suggestions, the measures can clearly be seen.

The Indian industry urgently needs to modernise its equipment and spend adequately on research development in discovering techniques of spinning and weaving that will help it diversify profitably. That is especially so in decorative.

Producing a minimum quantity—industry's normal needs are 7.2m. bales annually—is as essential to survival as maintaining export markets or finding new ones. To produce an adequate crop the farmer needs the assurance that he would not lose his growing jute as against the

Secondly, there must be adequate price support operations either through official purchases by the jute Corporation or by jute mills, even in excess of the normal requirement when necessary, or both.

**New types**

The FAO experts suggest that the best way out of the problem would be to grow enough jute fibre on a smaller area by planting new strains of high yielding varieties. Already this is being done in selected parts of the Indian jute belt, and the crop yield has improved encouragingly. But considering that the operation would involve millions of farmers spread over a vast geographical area it must necessarily take time before the problem is tackled fully.

Notice of Meetings of Shareholders of PENN CENTRAL INTERNATIONAL LTD.

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New York City: Office of Schroeder Trust Company One State Street New York, New York 10038 A.M. Friday, December 12, 1975

Zurich, Switzerland: Zurich Hotel Zurich, Switzerland 200 P.M., Monday, December 15, 1975

London, England: Office of Henry Schroeder Wang & Co. Limited 120 Cheapside London, England 10.00 A.M., Friday, December 19, 1975

THREE PURPOSES OF THE AGREEMENT are to formalize the reaction of a special authority of Shareholders to the Penn Central Company and other parties to the Penn Central Company reorganization, to provide for the election of a new board of directors, and to provide for the settlement of the claims and demands of the Shareholders.

The Underwritten Trustee has been named by the Shareholders and is authorized by the Shareholders to call the above meetings and to take such action as may be necessary to carry out the purposes of the Trust Deed.

SCHROEDER TRUST COMPANY Trustee By George B. Stevens, Vice President December, 1975

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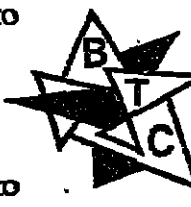
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## AMERICAN NEWS

## Moderate but steady U.S. economic recovery seen

BY PAUL LEWIS, U.S. EDITOR

FURTHER support for the increasingly widely-held view that the American economy will experience only a moderate, though steady, recovery next year, has now come from the Economic Forum of the Conference Board—a well-known group of private economic forecasters. In their latest report, issued over the week-end, the economists paint a somewhat less rosy picture of the outlook than the Ford administration by predicting real growth of 5.8 per cent, as against official hopes that the GNP will increase by about 7 per cent after adjustment for inflation.

However, they expect that the rate of price inflation, as measured by the consumer price index, will drop from about 8.2 per cent this year to 6.6 per cent. Unemployment next year is forecast to average 7.8 per cent, as compared with an estimated 8.5 per cent during 1975.

Summing up the general view, Dr. Albert Sommers, the chief economist for the Conference Board, describes next year's recovery as "moderate" and warns that the residue of caution and

distress caused by the recession "will not be quickly dissipated as the recovery proceeds". Looking at various key sectors of the American economy, the economist predicts a 5 per cent rise in real consumer expenditure next year, a 20 per cent upturn in housing starts from this year's heavily depressed levels and a \$15bn. increase in business inventories—just about offsetting this year's decline.

Although this group of economic forecasters takes a somewhat cautious view of the outlook, it is important to realise that other private economists still side with the rather more optimistic predictions of the administration and the so-called "Triple 7 Formula"—meaning, 7 per cent real growth, 7 per cent inflation and 7 per cent unemployment next year.

In short, professional economists are even more divided than usual at the moment about the prospects for the U.S. recovery—a situation that is not unexpected in view of the rather ambiguous message that the latest indicators seem to be flashing. Typical of these is the Government's index of leading indicators which after

WASHINGTON, Dec. 1.

rising steadily for most of this year, levelled out in September and declined last month. While no one doubts that the very fast pace of recovery recorded in the third quarter of this year cannot be sustained, there is considerable uncertainty about the future strength of consumer demand and the prospects for inflation next year. The midsummer upsurge in prices may have been an anomaly as the Administration maintains. But it did raise the worrying possibility that recovery would abort the recovery next year.

At the moment, the Federal Reserve appears to have some leeway in hand for its management of the money supply, since the growth of M1 for the half-year ending November 19 was 6.1 per cent—or right in the middle of its 5 to 7.5 per cent target range. However, the chairman, Dr. Arthur Burns, has repeatedly warned that the growth of the money supply would have to decline next year as the recovery proceeded, and it is uncertain whether he would agree to aim for the upper end of his target range.

## HOW TO COPE WITH A STRIKE

## The Post gets through

BY DAVID BELL, IN WASHINGTON

FAT EDITIONS of the Washington Post are appearing like clockwork—though the men who usually print it have been on strike for more than seven weeks. Pickets continue their daily vigil outside the Post's new building in central Washington, while executives, journalists, advertising staff, and others are producing the paper. Mr. Ben Bradlee, the Editor, one night worked until 3.15 a.m. in the packing department, and Mrs. Katharine Graham, the chairman of the Board, has been taking classified advertisements on the telephone.

These amateurs, as they like to style themselves, have been so successful that even though nine unions are currently on strike, including compositors and printers, the Post is back to about 80 per cent of its normal size and has regained most of its lost advertising. Almost all the presses, damaged by irate printers when the strike began on October 1, are working again. But a shortage of staff is forcing the Post to print some sections at secret locations outside Washington.

The Post's success in continuing to publish is being watched closely by other papers across the country, because by a combination of good luck and careful planning the company appears significantly to have altered the balance of power in favour of management.

Even some members of the striking unions who have stayed at work have been setting type, manning the presses, and doing a host of other jobs that they would not normally do. They have been able to do so largely because two years ago the Post began "cross-training" some of its staff in Oklahoma so that they could do jobs in other departments of the paper if the need arose.

Training started in secret, but the paper took care last year to make sure that the craft unions

known it was going on, in an attempt to make them recognise that the company meant business. The management never expected that cross-training would pay the dividends it has, and that production could be almost back to normal.

The unions are not allowed by law to prohibit these "scabs" (as they called the cross-trained personnel) from entering the building. Without the power to

been working normally. The unions which are now out, mostly striking because their wage contracts have expired and they have yet to negotiate new wages and conditions. Some, like the compositors, are on strike in support of their "sister" union in the packing department. But the real dispute is with one \$30,000. Mr. Mark Mezger, the union's "pressman" who runs the presses, and it has a long that "some of the pressmen are trying to rip the company off" by

four weeks' vacation, five holidays, six days of sick leave, and 56 scratches (days on which he simply prefers not to work) and still earn more than \$23,000 in one year. The Post concedes that that is a special case, but says that average earnings of pressmen range from \$17,000 to \$30,000. Mr. Mezger, the union's general manager, says bluntly that "some of the pressmen are trying to rip the company off" by

By a combination of good luck and careful planning the company appears significantly to have altered the balance of power in favour of management.

stop newspaper deliveries or to bar entry, the unions have no way of stopping the paper, now that enough other people know how to produce it. The implications are considerable. If other papers follow the Post's example, the role of craft unions in the American newspaper industry may change markedly.

Journalists, who disapprove strongly of the damage done to the press, have stayed at work, but very few of them have actually been working in the press hall. Some have been helping to paste up completed pages, while others have been working in various other departments. In so doing, they have been acting against the advice of their own regional union hierarchy, who have been supporting the printers on the grounds that cross-training might one day be used against journalists as it is now being used against printers.

Had the journalists struck, some sort of paper would still have been printed by the existing cross-trained staff, and written by executives. Indeed, the only really key workers are the non-union delivery drivers, without whom the paper could not be distributed, and they have

The determination of the management to reduce manning levels in the press hall is at the root of the dispute. The eventual target is a 25 per cent cut in manning levels, and talks about how it might be achieved had been going on before the strike. No firm promises were made, but the Post has already concluded a landmark agreement with the compositors which guaranteed them lifetime employment in return for running down staff by natural attrition. It took two years to negotiate, and the Post sees it as the model for the kind of deal that might be struck with the printers. But their case is more intractable. In the past 50 years, the pressmen's union, the International Printing and Graphical Communications Union, has built up a formidable position of power in the press hall. In particular, the union, not the company, is responsible for scheduling the working hours of the printers, and the Post alleges that the schedules are fixed to allow printers to earn excessive amounts of highly paid overtime.

According to the company "by controlling the schedule completely, one pressman can take

manipulating the schedules. The union contends that examples such as the one quoted above are entirely misleading. "Anything that we have got is for sale, but we are not going to give it away after fighting for it for 50 years," a union vice-president says. "They want to chop and not to pay for it, and we will not stand for that."

All the unions believe that the company deliberately prepared for the strike, trained "scab" labour in anticipation of it, and wants, once and for all, to curb their bargaining power. The company denies this. Mrs. Graham said recently that a "daily newspaper that cannot publish without its craft unions bargains like a city with its police force." The Post could no longer accept that kind of situation.

Meanwhile the absence of the printers and the compositors has had one interesting effect on how the paper is produced. Before the strike, the news sections were printed in the traditional "hot metal" fashion, using standard Linotype machines, and traditional printing methods, with each line of type set from molten metal. Other parts

notably the classified advertising sections, had begun to be printed by a "cold type" process. It involves the use of computer typesetting, photographing completed pages, making printing plates from the negatives of these photographs. These plates are then used for printing in the normal way.

The strike has forced the Post to print entirely by the cold type process. It had been thought that only hot metal was flexible enough to deal with fast breaking news stories and rapid edition changes. The management still suspects that hot metal does provide greater speed, but it is no longer sure and very pleased by the look of the paper since it has been produced by cold type.

For British newspapers, some of which are about to embark on printing by variations of this cold type process, there may well be lessons to be learned from the experience, although it is perhaps too early to evaluate them fully. The Post's ability to print without its craft unions, of course, would be difficult to imagine in Britain.

The Post vows that it will not give in until it has won control of scheduling. The unions are equally adamant that the Post must offer more than it has done so far before they will consider a deal. Mr. Mezger admits candidly that it is partly the management's fault that the situation was ever allowed to arise at all, and that it should never have ceded so much power to the union down the years. Now, he says, the paper is determined to stand firm.

The pressmen have given every sign that they, too, intend to stand fast. Advertisements have been appearing all over Washington urging people to cancel subscriptions to the Post because it is an employed strike breaker and is anti-union. The fight promises to go on for some time yet.

## Chilean output up by 5% in September

By Hugh O'Shaughnessy

THE FALL in industrial production in Chile was arrested in September when output rose by 5 per cent in comparison with August. Nevertheless output is still 16.6 per cent below the average for 1974, according to SOFOFA, the Chilean equivalent of the CBI.

Mr. Domingo Arteaga, the SOFOFA President said the September figures demonstrated that the Chilean industry had touched bottom and was on the way to recovery.

The industries hardest hit by the contraction in the Chilean economy have been the rubber and the electrical goods industries, whose September output indices were 63 and 49 per cent below those of September 1974 respectively.

Sir Orlando Sáenz, a former head of SOFOFA has meanwhile delivered another attack on the Government's economic policies and has forecast that the fall in production and the high stock levels of CAP, the state steel company, would mean losses of between \$50m. and \$80m. this year. In the first half of his year CAP was able to sell only 153,150 tons of its total output of 186,956 tons.

## Swiss bank fights order

BY GUY DE JONQUIERES

NEW YORK, Dec. 1.

THE DELICATE question of how far American authorities may compel a Swiss bank to strip away its veil of secrecy is to be tested soon in a U.S. court.

The issue has been brought to a head following the refusal by the Swiss Credit Bank to comply with a federal judge's order that it transfer to its New York branch assets valued at between \$150m. and \$200m. owned by American investors.

The Judge issued his order last week at the request of the Securities and Exchange Commission, which is investigating an investment scheme, in which several hundred American citizens purchased securities said to be backed by gold held in the vaults of the Swiss Credit Bank in Zurich.

In a statement released in Switzerland, the bank stated flatly

that the Judge had "neither local nor material competence" for issuing his order and denied that its operations fell within the jurisdiction of the SEC. But at the same time it said that it would ask a U.S. federal court to revoke the order.

The bank also said that it had provided the SEC with as much information as was "permissible" about its connections with the investment scheme and contended that the issue of banking secrecy did not therefore arise.

The bank has been named, together with other defendants in the U.S. Switzerland and Lichtenstein, in a civil action brought by the SEC charging that the organisers of the investment scheme fraudulently sold at least \$280m. in unregistered securities to U.S. investors.

## Canada running \$2.49bn. deficit

THE FEDERAL Government

OTTAWA, Dec. 1.

had a budget deficit of \$2.49bn. in the first seven months of this fiscal year, starting April 1, compared with a surplus of \$717m. last year, Finance Minister Donald MacDonald said.

The Finance Department said

that legislative changes in the Old Age Security Act have altered this year's budget figures and that, on the basis of figures that would be comparable with last year, there would be a surplus of \$495m. for the first seven months of the fiscal year.

## SEC-NYSE battle over foreign membership

BY JAY PALMER

THE NEW York Stock Exchange and the Securities and Exchange Commission now appear to be on a collision course for yet another battle over the Exchange's alleged anti-competitive rules. The focus of the coming struggle will be the NYSE's continuing refusal to admit foreign-owned brokers to full Exchange membership.

Under the terms of the Securities Act Amendments 1975, which becomes full effective this morning, the only federal Government criteria for membership of a U.S.

stock exchange is "financial competence and stability plus operating capability."

While this seems legally to open the doors to full foreign membership, the New York Stock Exchange under its own charter continues to prohibit non-North American brokers or banks from becoming members. The NYSE has made it clear that it is going to stick by its rules and at least for the moment ignore the federal law.

"The doors are not going to open," NYSE chairman James

Needham insisted last week. "Ultimately foreign broker dealers will have to be admitted. But they should not be encouraged to do so as long as there is a possibility that they will drain income from existing members. The whole problem should be re-examined."

This will not be the first time that the Exchange and the SEC have locked horns over the issue of competition. Earlier this year the SEC forced through mandatory un-fixed commission rates against NYSE opposition and, at

the moment, the two sides are fighting over an SEC scheme to abolish certain deals over the Exchange's rules which prohibit members from dealing in certain stocks on other exchanges.

Despite the NYSE's open lack of hospitality, at least a few foreign-dominated companies have indicated that they will apply for membership. If, as is likely, the NYSE refuses membership applications, the issue will almost certainly be appealed to the SEC for a ruling.

## Canada postal service hopes

OTTAWA, Dec. 1.

CANADIAN postal officials have said that they expect the national mail service to resume to-morrow following the week-end signing of a tentative agreement with the Canadian Union of Postal Workers.

Local meetings to vote on the pact are due to-day. Postmaster-General Bryce Mackasey announced the signing of a memorandum of agreement late on Saturday night but did not give details.

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The dividend is payable to the registered shareholders of the company on the 15th day of January, 1975, at the office of the company, 101, Market Street, Johannesburg.

For and on behalf of the Board of Directors,  
J. H. M. J. van der Merwe,  
Secretary.

Dated 1st December, 1974.

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## EUROPEAN NEWS

## Soviets approve agenda for party congress

BY MOIRA CUNYNGHAME

MOSCOW, Dec. 1.

A PLENARY meeting of the Soviet Central Committee today approved the agenda for the Communist Party Congress in February and the State plan and budget for 1976, which will be announced to-morrow.

At the Congress the party leader, Mr. Leonid Brezhnev will make the main speech on foreign and domestic policy, and Mr. Alexei Kosygin will speak later on the 1976-80 Five Year Plan, which must be approved by the Congress.

This is the same agenda as at the last Congress in 1971 and the only one to be expected. It says nothing about the future of Mr. Brezhnev or Mr. Kosygin. Rumours about Mr. Brezhnev's ill-health and possible retirement have never been taken as seriously here as in the West. It is reported to be reasonably fit at the moment, has never shown any sign of wishing to

retire and made a long speech at the plenum to-day. Even if he were to retire at the Congress or be removed from power, which is extremely unlikely, to-day's announcement would still have been made. The plenum always held immediately before a Congress is far more important in this respect than the routine Plenum held today.

To-day's announcement has been hailed as confirmation that Mr. Brezhnev is to remain in power for some time to come. It could even be argued that the early announcement of the agenda was a sign of weakness and that a change could still be imminent. What is known is that voluntary retirement here is even more unusual than among politicians in other countries.

Changes in the leadership are usually unexpected and that there have been no serious signs that one is imminent. At the Supreme Soviet session to-morrow the preliminary results for 1975 will be given as well as the economic plan and budget for next year, the first year of the new Five Year Plan. The plan will not be published until the New Year.

Although it is known that few of the original 1971-75 targets have been met, with the summer section falling particularly far behind, the growth rates are still fairly impressive and it is those that will be stressed. The exact figure for the year is usually given at the Supreme Soviet session but it was not given in 1972, the last very bad year, and may be omitted to-morrow if the figure is anywhere near the latest Western estimate of 160m. tons. The 1972 harvest of 107m. tons disrupted the economy for a year, and a similar harvest now would mean a bad start to the new Five Year Plan.

## Portugal lifts State of Siege

BY PAUL ELLMAN

LISBON, Dec. 1.

PORTUGUESE President Francisco de Costa Gomes to-night announced that the State of Siege imposed on the Lisbon military region following last week's abortive military uprising will be lifted at 5 a.m. to-morrow.

In a nation-wide television broadcast, he appealed for a "spirit of brotherhood, peace and democratic tolerance which could lead the Portuguese people to a more just society."

Considerable interest here was focused on whether the

only Communist in the Cabinet, Senhor Alvaro Vega de Oliveira, the Public Works Minister, would join his colleagues as a token that the party has formally dropped its demand for a seventh Provisional Government to exclude the country's second biggest party, the Popular Democrats.

Failure to do so would probably lead to a redoubling of the campaign against the Communists currently being conducted by the Popular Democrats leader, Dr. Francisco Sa Carneiro.

Meanwhile, there were signs that the new recruits to the Revolutionary Armed Forces Movement, the country's top decision-making body, have started moves aimed at making the Council less intimately involved in Portugal's political affairs.

The new members, who replaced officers purged after the uprising, are thought to be arguing that the armed forces should concentrate now on putting the military's house in order and leave the Government with more say in the daily running of the country.

## Spain choosing Cortes President

BY ROGER MATTHEWS

MADRID, Dec. 1.

SPAIN'S COUNCIL of the Realm met late this afternoon to decide on the three names it will forward to King Juan Carlos as candidates for President of the Cortes.

The King will then select one, who will theoretically preside for six years over the Franco regime's substitute for a Parliament and will also take the chair at subsequent meetings of the 17-man Council of the Realm and the other key constitutional body, the three-man Council of the Regency, which assumes

power in the absence of a Head of State. There is also the chance that the Council of the Realm could consider its three names for the crucial role of Prime Minister, should the King have decided in the past 24 hours to accept the resignation of Senor Carlos Arias.

Until the new government is formed, perhaps by the end of next week, considerable official hesitancy is being displayed in the attitude that should be adopted towards illegal political parties.

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## Future of industrial society

By William Dalmeida

COPENHAGEN, Dec. 1.

THE NEW structure of industrial ownership would change the balance between the men who knew about production and the men of the City, the financial managers, Mrs. Judith Hart, Labour MP and former junior Minister, to-day told a conference on "The Private Sector in Tomorrow's Economy."

There would be a real revolution in industry if the managers concerned with the productive and technological processes were to rise up and speak, Mrs. Hart said.

The conference heard earlier Prof. Palle Hansen of the Copenhagen School of Business Administration, underlining the need to introduce cost-benefit analysis tools into the management of public organisations. He proposed the establishment of "cost-price control institutions" in the public sector.

On the first day of the conference, organised here by the Financial Times in collaboration with Berlingske Tidende, Svenska Dagbladet, the Norwegian journal of commerce and shipping, and Helsingfors Sanomat, speakers from both ends of the political spectrum agreed on one point: the industrial society of the future would impose broader and more varying challenges on management.

Prof. N. Roberts, of the London School of Economics, said senior managers would have to spend more time as persuaders of politicians than as bosses. In facing up to union demands for participation British managers should abandon their opposition to a two-tier board system.

This had the merit of separating the directorial and managerial functions and would allow union members to sit on a supervisory board without compromising their role as collective bargaining agents.

The balance sheet could not be given the same importance in evaluating a State-owned company, which had to take into account the totality of the community's interests, Mr. Poul Mjelt, director-general of the Danish State Railway, said. He believed that managers of private companies would increasingly have to assume the dual role now performed by state company managers. But Mr. Peer Carlsen, deputy secretary-general of the European Trade Union Conference, drew criticism from the floor when he suggested that private companies should give priority to creating jobs.

Mr. Arne Lund, director of the Danish Employers' Federation, believed that, while profitability was the only guarantee for the economic use of resources, a concept of long-term profitability should replace the quest for short-term profit.

## Giscard to make State visit to U.K.

By Robert Mauthner

PARIS, Dec. 1.

PRESIDENT Valéry Giscard d'Estaing of France will pay a State visit to Britain early next summer, a Presidential spokesman confirmed here to-day. He added, however, that the visit was still in the planning stage and that an exact date remained to be fixed.

The visit, in return for Queen Elizabeth's State visit to France in 1972, will be the first by a French President since that of General de Gaulle 15 years ago, shortly before Britain's first application for membership of the Common Market.

Since then, Anglo-French relations have been mixed. The open hostility which followed General de Gaulle's two vetoes of Britain's Common Market membership in the 1960s was followed by the honeymoon between Mr. Heath and President Pompidou which finally led to the entry of Britain into the European Community. It was this visit which was the last State visit to France.

The advent of the Labour government and its insistence on recognising the Common Market membership approved by the previous Conservative government put a new strain on Anglo-French relations, which have remained somewhat cool ever since.

There has recently been a further deterioration as a result of Britain's refusal to be represented by a joint EEC delegation at the forthcoming North-South conference between oil producers and consumers and the demand for a separate seat.

The West Germans are anxious for a solution to the dispute, both because their own fishing settlement with Iceland will only remain effective if the British Icelandic argument is brought to an end.

So far, however, West Germany has been conferring with Britain regularly over the dispute, and a question has been sought to apply pressure for a solution.

## GERMAN OFFER TO AID IN COD DISPUTE

By Nicholas Colchester

BONN, Dec. 1.

WEST Germany is ready to use its "good offices" in seeking a solution to the fishing dispute between Britain and Iceland if either of the two asks for them. This message was conveyed to-day by Herr Hans-Joerg Wischnewski, the Minister of State in the German Foreign Ministry, in a telephone conversation with his British counterpart, Mr. Roy Hattersley.

The West Germans are anxious for a solution to the dispute, both because their own fishing settlement with Iceland will only remain effective if the British Icelandic argument is brought to an end.

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## SECOND WORLD BANKING CONFERENCE

GROSVENOR HOUSE HOTEL, LONDON  
10 & 11 DECEMBER 1975

A conference organised by the Financial Times, the Banker and Investors Chronicle.

<b>Chairmen:</b> The Rt Hon Lord O'Brien
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## EUROPEAN NEWS

### Turkey boosts defence spending

By METIN MUNIR

ANKARA, Dec. 1.

TURKEY'S DEFENCE spending in the 1976 fiscal year is to be a record 44.7bn. Turkish lira (\$3.3bn.), according to the new budget tabled in parliament today.

This sum, which is expected to be legislated without being reduced, constitutes an increase of 85.5 per cent. over budgeted defence expenditure in the previous period and is 29 per cent. of the new budget.

Finance Minister Yilmaz Ergenekon, unveiling the budget at a news conference today, did not say why such a massive defence allocation was necessary. But the reasons are obvious: the Cyprus question is unresolved and relations with neighbouring Greece, which accepted a record \$1.5bn. budget for 1976, are strained.

Turkey is also uncertain about the U.S. as the biggest supplier of arms, after the experience of the eight-month embargo which has been only partially lifted.

The effect of Cyprus and its aftermath on Turkey's desire to arm is that the defence spending earmarked for 1976 is about 240 per cent. more than the sum budgeted for 1973-74 before the Cyprus war.

Of the total, \$2.2bn. (61 per cent. more than the previous period) will be allocated to the Ministry of Defence, \$192m. (45 per cent. more) to the paramilitary gendarmerie and \$855m. to the project to modernise and reorganise the Turkish army.

The money allotted to this so-called REMO Project is far greater than the previous period and will be mainly spent on arms soldiers or agents.

### Communist leader sees no unity prospect

By Paul Lendvai

VIENNA, Dec. 1.

A TOP Yugoslav Communist leader has announced that a common political line for all Communist parties was "impossible" and that even the idea of co-ordinating the foreign policies of the various Communist parties working under different conditions was an "anachronism."

In an interview given to the Belgrade party weekly Komunist, Dr. Aleksandar Grljickov, the secretary of the executive committee of the Yugoslav Communist Party, added that the projected conference of the European Communist parties could not be considered as a prelude to a world Communist conference.

The last meeting of the 28-party editorial commission held in East Berlin last month failed to agree on a joint draft document and decided to meet again in January to consider a final date for the Communist conference, originally scheduled to take place last summer.

Dr. Grljickov confirmed that differences concerning both principles and fundamental questions, the character and aims of the conference have not yet been overcome.

He spoke out in favour of adopting a "meaningful political statement" at the conference which would, however, exclude issues subject to different opinions.

He added that the conference should be held in public but gave no indication as to when the conference will be finally convened.

### Big deficit forecast for Danes

By Our Own Correspondent

COPENHAGEN, Dec. 1.

A SUBSTANTIAL budget deficit is expected to persist in fiscal 1976-77, the Finance Bill presented here on Friday shows. The cash deficit for 1975-76 is now estimated at Kr.13.5bn. and for next year at Kr.12.9bn. (about 6 per cent. of estimated gross domestic product).

Current Government expenditure will rise from Kr.72.5bn. in last year's budget to Kr.77bn. next year, with revenues rising from Kr.59.7bn. to Kr.66.8bn., Finance Minister Knud Heinesen told the Folketing.

### DUTCH FREEZE

By Michael Van Os

THE HAGUE, Dec. 1.

THE Dutch Government has proposed a general pay freeze for next year as well as a further stiffening of price controls in a major new effort to cut inflation which was expected to rise further next year from the current level of around 10 per cent.

At a Press conference here today, held after a letter detailing the measures had been sent to Parliament, three Cabinet Ministers stressed that the package was "vital" to prevent unemployment from deteriorating further next year.

As forecast in this paper last Thursday, Dutch wage earners' pay will be frozen next year.

### FRENCH DEFENCE POLICY

## The cost of a certain grandeur

By ROBERT MAUTHNER, PARIS CORRESPONDENT

PRESIDENT Giscard d'Estaing is nothing if not conscientious. When elected last year, he was one of the first to admit that his knowledge of defence problems was rudimentary and soon afterwards it was announced that he would make an intensive study of them. The result of his reflections, if not revolutionary, bears a distinct personal stamp and will lead to a significant reorientation of French defence policy.

Not that the basic Gaullist concepts have been abandoned. In his long pronouncements on the subject earlier this month, President Giscard emphasised that an independent defence policy, not least in the nuclear field, remains a fundamental tenet of French global strategy.

Countries which cannot speak clearly on their own defence, clearly on any other matter, in effect, they are absent from international conversations," he said.

Defence policy thus continues to be considered as an essential condition of an effective world role. What has changed is the overriding emphasis which has hitherto been placed on the independent national nuclear force as a foreign policy tool. Expenditure on nuclear weapons will still eat up as much as one-third of next year's Fr.50bn. (about 25.5bn.) defence budget, but much higher proportion will in future be spent on developing conventional forces.

The President's thinking has clearly been influenced by the growing body of military leaders, including General Mery, the Chief of Staff, who believe that, while a nuclear war cannot be entirely ruled out in the foreseeable future, it is more realistic to plan for more limited conventional wars which they have to do their military service.

One more soldier was today charged with "taking part in an attempt to demoralise the superpowers, becomes totally irrelevant in the case of conventional conflicts, since it is taken for granted that France will never be the first to use strategic atomic weapons.

A case in point is the Mediter-

anean area. The French, who consider the Mediterranean to be, if not a national preserve, then a zone in which they have a special role to play, have long suffered under the domination of this sea by the American and Soviet fleets. Rightly or wrongly, President Giscard believes that, unless France can strengthen its military presence in the Mediterranean, its political influence in the area will remain relatively unimportant, and it will have little or no say in a solution of the Middle East conflict. As a token of his future intentions he has decided to transfer two French aircraft carriers and their supporting vessels to Toulon from their northern French bases.

The strengthening of conventional forces without weakening of the nuclear effort naturally raises the question of whether the country can afford such massive military expenditure. In spite of all the public funds spent during the past decade on the development of the strategic missiles based on the Plateau d'Albion, the hydrogen bomb, missile-carrying nuclear submarines, and advanced military planes such as the Mirage F-1, defence expenditure, which totalled as much as 22.5 per cent. of the total budget in 1965, dropped to 17 per cent. this year. The intention is to raise this proportion to 20 per cent., with most of the additional funds going toward building up the conventional forces.

But the strain is already being felt. The increase in the price of imported oil and the additional effort being made to improve the living standards of the underpaid and discontented servicemen has raised purely operational costs to 58 per cent. of the total defence budget. And, while the military budget as a whole for 1976 is 14 per cent. higher than the previous year, expenditure on conventional equipment has risen by no more than 10 per cent. representing a reduction in real terms if the sharp increase in the cost of arms is taken into consideration. One striking consequence of the rapidly growing financial burden is that the development of France's advanced combat plane, the A.C.F., has had to be drastically slowed down. Indeed, the construction of a second prototype has been completely halted for the moment.

France's independent defence policy presupposes a national armaments industry, but that is in turn dependent to a large degree on a lucrative export market. The cost of subsidising the development of sophisticated new weaponry would soon become prohibitive if foreign outlets were to shrink. Up to

now, France has been one of the world's most successful arms salesmen. Its Mirages, AMX tanks, and tactical missiles are a "two-way street" in arms traffic between the U.S. and Europe.

The French are clearly anxious not to be left out of any European deal with the Americans and bilateral talks in October between France and the U.S. on the whole subject were described by the former American Defence Secretary, Mr. James Schlesinger, as encouraging. Mr. Schlesinger said on that occasion that there was no need for France to be involved in the integrated command structure of NATO in order to participate fully in co-operation with the Alliance.

The French have continued to take part in the NATO Committee of National Armaments Directors (CNAD) and there is no obvious reason why a formula cannot be found which would permit their participation in the new independent forum proposed by the Eurogroup. Standardisation is almost as much in the French interest as in that of the full NATO members, because it is a precondition for selling military equipment in NATO markets. But economic considerations apart, it makes military nonsense for France to supply its forces with equipment which does not conform to NATO standards, now that French defence strategy has embraced the concept of flexible response and has widened its horizons to planning for conventional conflicts.

As President Giscard d'Estaing has pointed out himself, France, though it left NATO's integrated military structure in 1966, has remained a member of the Atlantic Alliance and, as such, could well find itself engaged in a conflict provoked by an attack upon another member, under either the NATO or Western European Union Treaties. It does not need a military genius to realise that in such a situation spare parts, ammunition, and at least some of the major weapons and planes should be interchangeable between different members of the Alliance.

### Row over Army 'unions' expands

By ROBERT MAUTHNER

PARIS, Dec. 1.

THE French Government today stepped up its campaign against the growing body of military leaders, including General Mery, the Chief of Staff, who believe that, while a nuclear war cannot be entirely ruled out in the foreseeable future, it is more realistic to plan for more limited conventional wars which they have to do their military service.

One more soldier was today charged with "taking part in an attempt to demoralise the superpowers, becomes totally irrelevant in the case of conventional conflicts, since it is taken for granted that France will never be the first to use strategic atomic weapons.

A case in point is the Mediter-

The Government's action has sparked off a major political row with the opposition Socialist leader, M. Francois Mitterrand, accusing the authorities of "provocation," following Prime Minister Jacques Chirac's accusation that the Socialists were mainly responsible for fomenting the unrest within the army.

The Government, for its part, has somewhat changed its tune since the beginning of the affair and has now turned its guns on foreign Leftists.

Mr. Yvon Bourges, Defence

Minister, yesterday claimed that Portuguese soldiers had come to France to incite the French conscripts to revolt and other military officials have pointed an accusing finger at West German Leftists.

The French charges have been backed up by a leading member of the West German Government, Herr Wischniewski, Minister of State for Foreign Affairs, who has stated openly that Left-wing agitators had tried to influence allied soldiers stationed in West Germany.

### Hungarian prices to rise again

By PAUL LENDVAI

VIENNA, Dec. 1.

FOR THE third time within a year, the Hungarian government has announced massive price increases for a wide range of food and consumer products.

In a bid to reduce the burden of growing budgetary subsidies, as of today the price of sugar was raised on the average by 50 per cent. Though tinned products with sugar content and confectionary prices will remain unchanged, pastries will cost more.

As of January 1, prices for those building materials which were not affected by the latest price hike last August will go up on average by 23 per cent. Paper and stationery will cost 10 to 15 per cent. more, while furniture prices will be revised upward by 3.4 per cent.

Furthermore, services from postal fees to communal charges will also be increased. By far the most important price increase is that for meat and meat products. The Government revealed that the average increase will be 33-35 per cent. and the new prices will come into effect on July 1, next year. The Government communiqué hinted that prices for meat will be raised even more steeply, while those for poultry and fish will be increased less. As Hungary is a nation of pork eaters, the price hike will be a severe blow to the lower-medium income groups, even though simultaneous wage and salary adjustments have also been promised.

The price increases are in accordance with the Government's policy of moving towards

### GERMAN ORDER BOOKS DOWN

By Nicholas Colchester

BONN, Dec. 1.

THE latest seasonally adjusted order figures for West German industry show that there was a downturn in the flow of orders in October, particularly from abroad.

Only in the consumer sector did the indices continue the rise which over the last two months has been seen as evidence that the economic climate was improving.

After processing by the Bundesbank for seasonal fluctuations, today's figures show that overall demand fell slightly in October, taking the order index down from 137 in September to 135 in October, but still exceeding the 127 recorded in August.

### Business with pleasure by French Railways



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## OVERSEAS NEWS

## Israel rejects Security Council's move on PLO

BY OUR FOREIGN STAFF

THE ISRAELI Government yesterday rejected any United Nations Security Council move to invite the Palestine Liberation Organisation to take part in a Middle East debate next month. But at the same time the Government agreed to abide by the disengagement agreement on the Golan Heights, where the UN peace-keeping force's mandate has been extended by six months.

The Security Council decision to link an extension of the mandate to an agreement to debate the Middle East question brought an angry response in Jerusalem, where a communiqué after a 61-hour Cabinet meeting described the move as "a surrender to Syrian blackmail."

But in Cairo and Damascus the decision was officially welcomed, although there is still no commitment from the UN to invite PLO representatives to take part in the debate.

In Beirut, the PLO hailed the decision as a "triumph."

Egypt to-day took back control of the AB Rudeis area in Sinai with a discretion surprising even by the lack of emphasis which has come to mark the implementation of the September agreement with Israel, writes Michael Tingey in Cairo.

The fields were handed over yesterday by Israel to the UN forces who, in turn, passed over control of the territory after eight years of Israeli occupation.

Our United Nations Correspondent adds: Only hours after the Security Council in effect endorsed the PLO's claim to full participation in Middle East negotiations, the General Assembly to-day began its debate

on the Arab-Israeli conflict. Although two meetings were scheduled for to-day, only one was held and the only speaker, the Syrian delegate, Mr. Moufak al-Alal, addressed a sparse audience. Referring to last night's vote in the Security Council to extend the mandate of the UN buffer force in the Golan Heights, he served notice that Syria would not agree to indefinite renewals, which would, he claimed, give Israel a defence of the Golan Heights. Both the PLO and Syria are known to prefer now that the discussion on a Middle East settlement should take place in the Security Council itself instead of at the Geneva conference.

The council's resolution last night linking the extension of the UN mandate in the Golan Heights to a debate by the Council of the Middle East problem, including the Palestinian question, was the result of close Syrian-Palestinian co-ordination. Editorial Comment, Page 16

## Chinese warning to Ford on Russia

PEKING, Dec. 1.

CHINESE Vice-Premier Teng Hsiao-ping to-night told President Ford that rhetoric about détente could not hide the growing danger of world war. Speaking at a welcoming banquet for the President, Mr. Teng made clear China considered the struggle against Soviet hegemony more important than normalisation of its relations with the U.S.

Mr. Ford, who listened intently as the Vice-Premier alluded to Moscow as "the most dangerous source of war," did not refer directly to the U.S. détente with the Soviet Union, but said it was in the world interest to dispel illusions of peace.

Rhetoric about détente cannot cover up the stark reality of the growing danger of war," Mr. Teng said.

Mr. Ford replied later with a firm statement that Washington would continue to strive both to reduce the dangers and to explore new opportunities for peace.

The U.S. would try to achieve a more peaceful world even as we remain determined to resist any actions that threaten the independence and well-being of others," the President added.

The familiar Chinese warning about détente came a few hours after Mr. Ford arrived here on a five-day visit aimed at improving the sagging Sino-U.S. relationship.

## Pessimism in Rhodesia over talks

By Tony Hawkins

SALISBURY, Dec. 1. FOLLOWING the signing to-day of the Declaration of Intent to negotiate a Rhodesian constitutional settlement, sources close to the Rhodesian Government were pessimistic about the outcome of the actual constitutional talks, now unlikely to start until the New Year.

Mr. Ian Smith and Mr. Joshua Nkomo, leader of the Rhodesian wing of the African National Council, signed the joint declaration.

It was announced soon afterwards that the two delegations would meet again next week to finalise arrangements for the first plenary session of the planned constitutional conference. However, informed sources said it seemed unlikely that full scale talks would get under way before the Christmas holidays.

The declaration of intent consists of eight points—seven of which were agreed by the ANC prior to its September split at the Victoria Falls on August 25—while the eighth refers to immunity for certain exiled Nationalist leaders to attend the talks. The venue for the talks has not been agreed but seems certain to be Salisbury itself.

## THAILAND AND INDOCHINA

## Détente on trial

BY RICHARD NATIONS, IN BANGKOK

TWO INCIDENTS on Thailand's border with its Communist neighbours, Laos and Cambodia, are indicative not only of Thailand's mixed success in adjusting to the post-Vietnam era, but also of the wider power alignments taking shape throughout South-east Asia in the wake of the U.S. troop withdrawals.

The long-simmering tension between Thailand and Laos erupted into an open battle along the Mekong River on November 17. It lasted for three days. On the same day, in a Cambodian border town, the Thai Foreign Minister, Chatichai Choonhavan, embraced the Cambodian Deputy Premier Lang Sary, ending a ceremony which marked the opening of liaison offices in twin border towns and the signing of a trade agreement between the two countries.

These events threw into sharp relief the differing responses the Thai Prime Minister, Kukrit Pramoj, has received to his appeal for friendly relations with Thailand's Indo-Chinese neighbours, as his country winds down the U.S. military presence here.

As relations with Laos continue to deteriorate, those with Cambodia have been normalised with unexpected ease. Western diplomats in Bangkok conjecture that the key to this confusing picture lies in North Vietnam's still obscure intentions towards Thailand, plus the notably different degree of influence Hanoi exercises over "fraternal parties" in Vietnam and Phnom Penh. But closely behind these factors there are the rapidly changing relations between the region and vigorous Sino-Soviet competition to fill the vacuum left by the departing Americans.

The Kukrit Government has adhered faithfully thus far to its commitment last March to remove all American troops from Thailand in a year's time. This policy has thrown the military into consternation. Just at the moment the "enemy" comes to power in Indo-China, American forces which most Thais were told were here to protect them from the Communists are steadily

fading away. None the less, U.S. disengagement from Thailand was essential to open the way to a whole new Thai approach to foreign policy.

In July Kukrit visited Peking and established diplomatic relations, resolving such contentious issues as the "two Chinas" policy of the past, and the status of the overseas Chinese, more smoothly

occasionally in Bangkok with China. Improving relations with China and Cambodia was quickly dispelled by the harsh propaganda from Hanoi and Vietnamese, punctuated by frequent Pathet Lao gunfire across the Mekong. Hanoi continues to heat up the issue of abandoned war material left behind in Thailand by the departing Thieu forces. The

border incidents along the Mekong. The Thais have tried to reduce sources of irritation by removing Lantian right-wing generals, France, offering aid, and facilitating transit of goods bound for land-locked Laos through Thai ports. But these gestures have been greeted by little more than abuse, and border clashes with the Pathet Lao. While the anti-Thai campaign certainly helps to consolidate Pathet Lao control by diminishing the pervasive historical and commercial influence of Thailand in Laos, it has served North Vietnamese interests by keeping the border porous and unstable. Arms continue to flow to Thai insurgents, and Kukrit is under fire for his own right-wing critics who allege that his détente policy with the communists has failed.

"As relations with Laos continue to deteriorate, those with Cambodia have been normalised with ease."

really valuable hardware consisting of F-5 and A-1 aircraft was removed from Thailand by the Americans just before the Vietnamese delegations arrived in Bangkok to discuss the matter last May. The Thais claim they are merely custodians of property to which there are conflicting claims; Hanoi cites that as evidence of the continued Thai subservience to the U.S.

Hanoi wants to keep the Thai off-balance and on the defensive, "in order to improve their own bargaining position on diplomatic relations," which Hanoi is interested in through its own terms. Those terms include not only the complete withdrawal of U.S. combat troops on schedule but assurances on if not actual dismantling of the extensive communications network in Thailand run by civilian Americans to monitor air traffic and broadcast throughout Indo-China.

Hanoi has sources of pressure to apply to the Thais apart from withholding recognition and chilly propaganda. The Pathet Lao's current hostility towards the Thais dovetails neatly with Hanoi's interests. Since coming to power the Pathet Lao has attacked the "reactionaries" in the short run, if Prime Minister Kukrit's success in containing political turbulence at home is not matched by similar foreign policy successes.

## MPLA troops 'capture weapons'

BY OUR FOREIGN STAFF

WHILE THE overall situation in the Angolan war remains confused, reports appearing in the Soviet Press suggest that the Russian-backed MPLA is continuing its attempts to push back both FNLA and Unita forces.

According to the official Soviet news agency, Tass, MPLA forces have taken the eastern town of Cuanabala, strategically situated on the Benguela railway to the west of Vila Lusó. According to Tass, Cuanabala is the main military base of the rival FNLA, and "vast amounts" of weapons were seized.

Meanwhile, although there is little news from other fronts within Angola, members of the rival liberation groups continue to canvass support abroad. In Lagos, MPLA's Prime Minister Lopes de Nascimento, quoted as saying before he left Angola that he was to discuss "the" Nigeria can extend to MPLA, yesterday had talks with Nigeria's military administration, which announced its recognition of MPLA last month.

In Rome, where they were attending a world conference of Christian Democrat parties, two

members of the FNLA political bureau denied reports that FNLA had anything to do with the South African troops now in Angola. Sen. Barreto and Sen. Moyo said that the South Africans had been brought in by Unita, not FNLA.

In Kampala Dr. Holden Roberto, head of the FNLA, also said that reports that there were South African mercenaries in his army were a smear campaign.

In a message to President Idi Amin, current chairman of the 48-nation Organisation of African Unity (OAU), which was released here to-day, he said that an OAU mission to Angola last month found no evidence of any South Africans.

A South African Air Force reconnaissance plane has disappeared over Angola. Defence Force headquarters announced in Pretoria yesterday. The unarmed aircraft's disappearance has produced the first admission by South Africa that its planes are flying spotting missions over Angola.

Previous South African defence force statements have referred to deaths in ground action against South West Africa People's Organisation (SWAPO) guerrillas, a nationalist group fighting against South Africa's presence in the territory.

Military chiefs in Pretoria have admitted that South African troops are deployed inside Angola around the water pumping station at Caluque, about 20 miles inside Angola.

In Washington the State Department has acknowledged that U.S. weapons might be reaching Angola from neighbouring Zaire. But a spokesman insisted the U.S. was not directly assisting any side in the Angolan civil war.

## Lebanon Cabinet talks

BY HISAN HIJAZI

BEIRUT, Dec. 1.

CONSULTATIONS began here to-day on choosing the Lebanese Cabinet as a first step towards the proposed national reconciliation for ending the eight-month-old national strife.

Prime Minister Rashid Karame was meeting with President Sleiman Franjeh after holding contacts with a number of political leaders. The word in political quarters is that an 18-man line-up is envisaged to replace the present six-member Cabinet, which Mr. Karame formed five months ago.

The political sources do not expect the enlargement to be easy. Names of politicians tipped to enter the Cabinet are traditionalists, while Leftists have insisted on a "more progressive" Government.

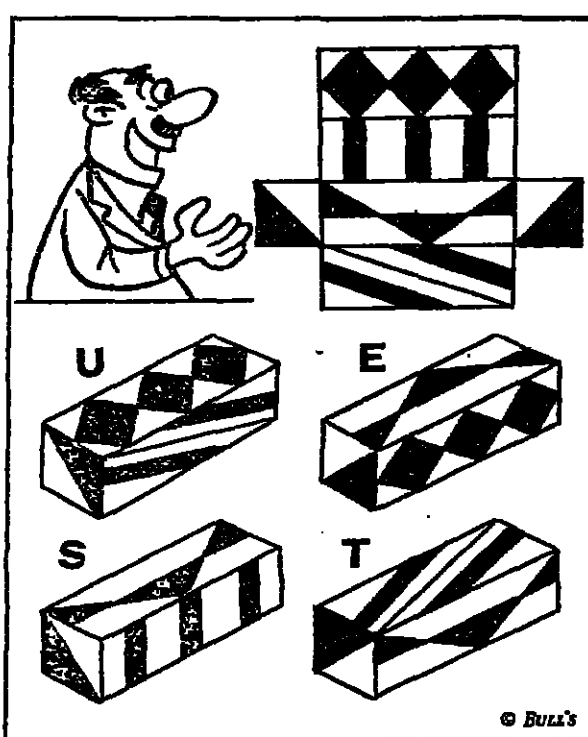
Socialist leader Kamal Jureibat was reported in the Beirut Press to-day to have demanded the chance to be an agent of power brought on by

months of factional fighting required that half the Government seats should go to the Leftists. The demand is rejected by Rightists, who have repeatedly maintained that they were not defeated in the field.

Beirut adds from Moscow: The Soviet Communist Party daily Pravda has lent its weight to Lebanese Press charges that former French Premier Maurice Couve de Murville interfered in Lebanon's internal affairs by remarks he made during his recent visit there.

Yesterday's Pravda said that M. Couve de Murville told Beirut newspaper Orient-Jour that the Palestinians played a basic role in the Lebanese conflict and that countries such as Syria and Libya were actively interfering in Lebanese internal affairs. Pravda made it clear that it was the former French Premier's statements that were under fire and not the visit as such.

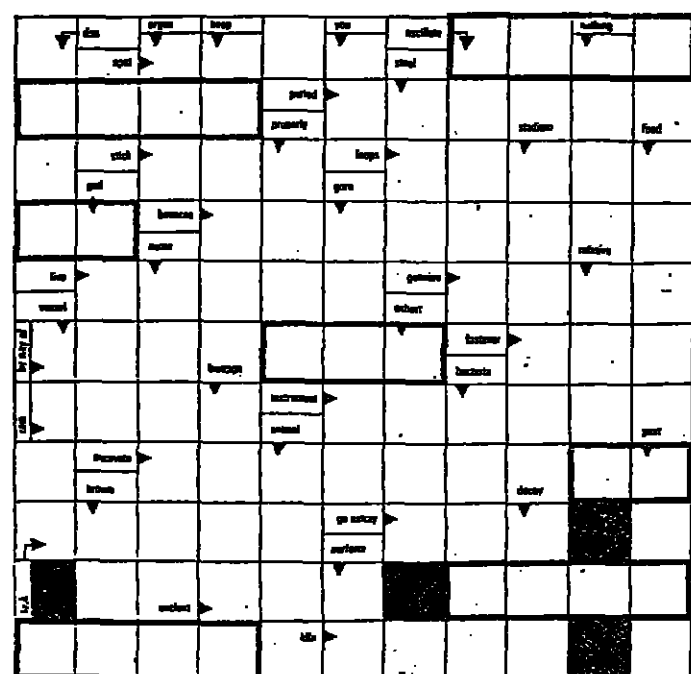
## A couple of hours' entertainment for anyone who prefers to go by rail.



By folding the upper figure you get a box that looks like one of the four below. Which one?

**ACROSTIC**  
Fit the first six missing words from this verse into the square, in order top to bottom, and their first and last letters will spell the seventh and eighth words respectively, which happen both to be strongly associated with Switzerland.

I am a \_\_\_\_\_, with \_\_\_\_\_ hand,  
I praise and dispraise throughout the land.  
In \_\_\_\_\_ prose, I balance and judge,  
And from my opinions I never budge.  
Great performances I \_\_\_\_\_  
And consign each actor to his fate.  
He \_\_\_\_\_ his head against a wall,  
Who seeks to \_\_\_\_\_ against my thrall.  
The \_\_\_\_\_ of time tick furiously faster,  
As he says \_\_\_\_\_ and grins up at his master.



## DODGY DIGITS

This sum was originally perfectly correct, until Johnny came along and switched around one pair of digits. Then Mary switched another pair and this is the result. What was the original, correct, sum?

2611  
+ 5863  
8744

## TELESCOPES

ONCE COMEABLE looks as if it might be a word, but it isn't. It is the three words ONCE, VALE and COMB run together. The words are jumbled but the letters of each word stay in the same order. Which three four-letter words combine to make these words or almost-words?

- 1: DUNABOUTOWN
- 2: FRATERNOSING
- 3: COBRADICTER
- 4: PATERNOSTERS
- 5: PROGRAMABLE
- 6: COSMOPOLITAN

## THE SAME ONLY DIFFERENT

There are ten discrepancies between right-hand and left-hand picture. Find the mistakes.

Copyright by 'Bull's Pressings' and 'Games and Puzzles'.

The small square shows a pattern that fits into one of the three big boxes. Which one?



## WORD SUMS

In these three sums each letter stands for one of the digits nought to nine, excluding 1, 7 and 8 which only appear, as themselves, in the last line. Naturally, each letter stands for the same digit every time it appears. What are these sums, in numbers?

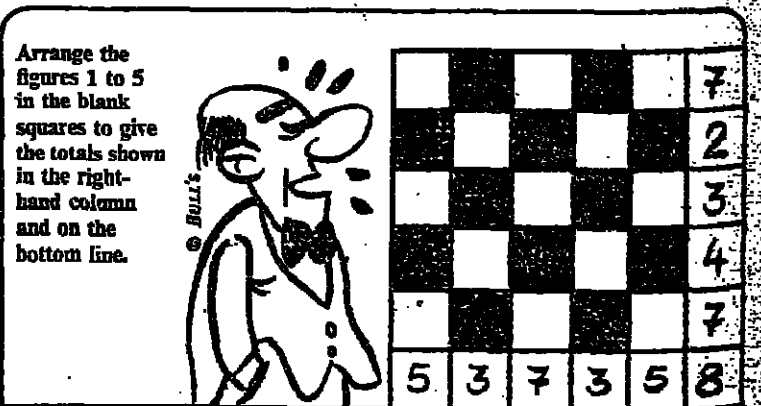
BAT + TAB = DID  
PIT + PAD = BRA  
BAT ÷ A = 178



## LIMERICK CODE

This is a simple code, or cypher. Each letter of the alphabet has been replaced by the same different letter of the alphabet every time it occurred in the message. Just to get you off to a good start, we have left the original spacing between the words and the original punctuation. Oh, and the message is a Limerick.

CJTKEI RFS DMME VME QLS  
WROB QLSF IQMC PMJ VME  
DMOBB OMBES IM XLSB QLS  
DFMHT VMPDOD, RBE LSF  
VRLQSF OF BMFOBD, DMKS  
CJTKEI RI PMJ IQC PMJE  
NLRHCRDS!



Arrange the figures 1 to 5 in the blank squares to give the totals shown in the right-hand column and on the bottom line.



Say you're rolling through Europe by rail. You've read the paper; scanned your report; taken in the scenery. You've savoured the food; devoured the detective story; taken a snooze. Finally you order a beer and a sandwich from the train attendant

and still you find yourself with a couple of hours to go before Vienna, Brussels, Copenhagen, Rome, or Hamburg. How about putting in the last stretch on some brain teasers devised by Swissair for keen-witted train travellers?

If, on the other hand, you think such entertainment is childish, crosswords are for squares, and your problems are more challenging than brain twisters, let us recommend the perusal of our Swissair timetable. Or simply ask your nearest Swissair or

IATA travel agency the fastest way to fly to Switzerland. And get them to show you the mathematically elegant, convenient, and time-saving solutions we've arrived at for our connections to 38 European destinations.



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## HOME NEWS

# Scottish Labour to launch campaign on devolution

BY CHRIS BAUR, SCOTTISH CORRESPONDENT IN EDINBURGH

FOLLOWING publication of the maximum devolution will probably be a party to qualify its Government's proposals for a Scottish Assembly last week, the Labour Party in Scotland is planning to mount an attack on the Scottish Nationalists, with a two-month campaign on the issue of devolution or separation.

The campaign will culminate with the party's annual Scottish conference in March when delegates are expected to endorse the Government's White Paper proposals.

A secondary reason for the campaign is to assess grass roots reaction to the White Paper among Labour supporters.

Party officials are anxious to find out how much support there is for Labour MPs who want to strengthen the proposals.

Even before the poster and leaflet campaign begins on January 16, there will be opportunities to test the mood of the party hierarchy.

The policy committee of the Scottish regional executive meets on Saturday. Supporters of

## Greater powers

A conference on the issue will be held on December 12 by members of the Scottish executive and party representatives from about 20 "key marginal constituencies."

Party officials expect Labour to back the White Paper in Scot-

land, since in almost all respects it follows the proposals put to the Government by the party after last year's Scottish conference. But they are not so sure whether the support will be qualified and, if so, how heavily.

Mr. James McGonigle, the Scottish acting secretary, acknowledged that the "ground might have shifted" since last year's conference towards support for greater assembly powers. "If it has, the campaign will enable us to discover how far it has shifted."

A tactical split is emerging among those who support greater powers for the Assembly.

Mr. John Macintosh, MP for Berwick and East Lothian, says the White Paper proposals should be accepted as a foundation on which to build other significant powers later.

However, Mr. James Sillars, MP for South Ayrshire, feels that to endorse and campaign for the White Paper would represent a retreat from election pledges.

# Fidelity winding-up adjourned for appeal to Protection Board

BY ERIC SHORT

THE PETITION for the winding-up of Fidelity Life Assurance was adjourned until mid-January in the High Court yesterday.

Announcing his surprise decision, Mr. Justice Oliver said it was to allow the company to apply to the Policyholders' Protection Board for financial assistance.

The original petition for the liquidation of Fidelity Life was presented in July by Mr. Peter Shore, the Trade Secretary. This followed the refusal of the parent company, Fidelity Corporation of Richmond, Virginia, to put up the additional capital necessary to meet the Department of Trade's solvency requirements.

In court, Mr. Peter Millett, representing the corporation, agreed that Fidelity Life was in financial trouble. The only concern now was that policyholders should get 100 per cent of their entitlement. The parent was prevented from putting capital into its U.K. subsidiary by the regulations governing insurance firms in the U.S.

## Surrenders

The company was not writing any new business, said Mr. Millett, and was seeking a solution whereby the policyholders would not surrender their policies but would allow them to run to their normal maturity, backed by a guarantee from the parent.

A compulsory winding-up might cause an unduly large number of surrenders, thus putting a strain on the finances of Fidelity Life, even with new capital.

The Policyholders' Protection Board was set up on November 20 under the provisions of the Policyholders' Protection Act to administer the schemes for the rescue of insurance companies in financial difficulties. The chairman of the Board is Mr. Colin North Smith, a senior partner in Peat, Marwick, Mitchell and Company. This will be its first case.

## Philips doubles dishwasher market share

By Lorne Barling

PHILIPS ELECTRICAL yesterday claimed to have more than doubled its share of the U.K. dishwasher market since the start of the year, although the market has shrunk by about half.

The slump in demand for dishwashers—a market from which Hoover and other major manufacturers have withdrawn recently—is blamed on the over-optimistic situation, in which they have come to be regarded as more of a luxury item.

Nevertheless, Philips said that it had increased its overall market share from 4.5 per cent at the start of the year to 12.5 per cent in October.

# Profits call by food and drink industries

By Donald Maclean

HIGHER profits margins are required by the food and drink industry if it is to play "its full and proper part in the plans for expansion of domestic agriculture," the Food and Drink Industries Council says in its response to the Government White Paper, *Food from Our Own Resources*, published in April.

The council agrees that U.K. farming resources could be used to produce food for the population similar to those set out in the White Paper, showing possible levels by 1980, but says there is a danger of "agricultural and industrial resources falling out of gear."

The White Paper is seen as "an essential step towards restoring the confidence of farmers," but the food and drink industry believes that "the confidence required for investment can only come from an improvement in the industry's profit margins."

According to a council survey of 26 food manufacturing companies, profit margins fell from 5.8 per cent to 2.8 per cent in the period 1963-74, while the return on capital invested, before tax, fell from 14.8 per cent to 11.5 per cent.

*Food and Drink Industries Bulletin*, No. 1, Nov., 1975.

# 'Little hope for saving manpower in Ministries'

By Adrian Hamilton

DESPITE detailed investigation, a study by the Civil Service Department into manpower saving in the major Government Ministries has concluded that there is little scope for saving on personnel without actual changes in policy.

The survey, the Commission conducted yesterday, has been carried out by a team set up for the purpose earlier this year and has concentrated on the main labour-intensive Departments such as Health and Security, the Defence Ministry and the Board of Inland Revenue.

The study is regarded by the Department as an internal one and its findings have not been announced. But they are reported to suggest that there is little scope for savings through staff-shedding over and above what changes in defence and other policies might suggest.

The Civil Service Department has also been considering ways of meeting mounting public criticisms of the way in which salaries are recommended by the Pay Research Unit and the non-contributory pensions scheme of the Civil Service.

At this stage, a spokesman stressed there is no formal report but officials are known to be thinking of introducing pensions contributions in the Civil Service.

There are also suggestions that an outside committee might watch over the way in which the Pay Research Unit calculates the relationship between Civil Service and private industry salaries. The unit's work is supervised during the operation of the wage restraint policy and the changes are being considered during this time.

# Energy Department advisers back £4m. Earth heat probe

BY DAVID HSHLOCK, SCIENCE EDITOR

A DEPARTMENT OF ENERGY "think tank" has suggested that about £250,000 might be spent by the Government in exploring the possibility of using the Earth's natural heat, for space heating for instance.

But in recommending such studies, the scientists make it plain that geothermal energy is likely to make only a very small contribution, no more than 0.5 per cent, to Britain's energy requirements by the end of the century.

The recommendation comes from the Energy Technology Support Unit, set up at Harwell by the Energy Department last year to help plan its long-range strategy for energy research and development.

In its first public report last week (*Financial Times*, November 27) the unit estimated that even if Britain could afford to pursue vigorously all the so-called "benign and renewable" energy options—wave, tidal, wind, solar and geothermal—they would amount to no more than 6 to 8 per cent of estimated energy demand by the year 2000.

The unit estimates that wave power might generate as much as 3 per cent, (as electricity) of energy demand by that date, with wind and tidal power providing 2 per cent more. Solar and geothermal sources, which would provide their energy as heat and not electricity, might be good for 0.5 per cent apiece.

Its view of the geothermal energy prospects for Britain is that, even on a number of rather pessimistic assumptions, the outlook is still promising enough to warrant a geological survey in areas in which to drill, and a market study of prospective outlets for heat up to about 200 degrees C in those areas.

The Government's scientific advisers on energy have recommended that a £250,000 two-year study of geothermal energy should be carried out, as part of a larger EEC study, to which the EEC might contribute half the cost.

Dr. Walter Marshall, chief scientist at the Energy Department, admitted last night that although geothermal energy "certainly doesn't excite me as much as wave power," he fully endorsed the recommendation. Of the three non-nuclear energy alternatives studied by ETSU in detail—wave, tidal and geothermal—wave energy was the most promising, he said.

The Department of Energy would publish the support unit's report on geothermal energy, he said. The unit would make more detailed studies of the possibilities of solar and wind energy in the next few months.

# Paper imports quota compromise agreed

BY LORNE BARLING

THERE WILL be no general increase in the level of imports of paper next year under the annual duty-free import quota agreement now being negotiated between the U.K. and the European Community, Mr. Gerald Kaufman, Parliamentary Under-Secretary for Industry, said yesterday.

Replying to a Parliamentary question, Mr. Kaufman said that he was aware of the difficulties facing the U.K. paper industry and that further talks with the countries concerned would take place in the spring next year.

Details of the 1976 quota levels are expected to be published next week.

It is understood that a compromise quota level, taking into account both the reduced output at U.K. mills and the requirements of the printing industry, has been agreed. The British paper industry made it clear recently that the 1975 quota level was regarded as inflated, due to high demand in 1974. It has called for no increase in the coming year.

On the other hand, the British Printing Industries Federation has urged the Government to seek the full 5 per cent increase allowable under the EEC agreement, forgoing that its full requirements will not be met by the home industry.

The countries concerned, mainly in Scandinavia, are believed to have agreed reluctantly to a reduced overall level, although the printing industry has expressed concern in particular over printing and writing papers.

The BPIF said yesterday: "There is clear justification for higher quotas for printing and writing papers, particularly those for which the 1975 quotas were exhausted early this year. There is now considerable pressure, as voiced by Mr. John Ovenden, Labour MP for Grays, end, in his Commons questioning for devising a quota system which will relate to demand in the home market."

The British Paper and Board Industry Federation and the BPIF have also recognised the problem and have set up a joint working party to discuss means of equating demand and supply.

# Councils plan bigger transport subsidies

FINANCIAL TIMES REPORTER

DESPITE Government advice to scale down fares subsidies, local authorities are proposing to increase their revenue support for bus and rail services by more than 50 per cent in 1976-77.

A total of £188m. has been earmarked for public transport subsidies next year in proposals submitted by county councils in England and Wales to the Government.

This figure, in November 1974, prices, compares with estimated spending of £124m. this year. It is more than double the £91m. "limit" called for by Mr. Anthony Crosland, Environment Secretary.

The biggest spenders, accounting for about 85 per cent of proposed fare subsidies, are the large urban authorities. The grants to individual authorities

Greater London Council proposes to devote £99m. to fare support—more than 40 per cent of its total transport budget and more than the Government's "ceiling" for revenue support for all England and Wales.

These figures, which emerge from an analysis by the British Road Federation, form part of the counties' bids for a share of the Government's £285m. transport supplementary grant in 1976-77.

They are budgeting for a basic spending on highways and public transport services of £82m. in 1976-77. The Government is expected to decide later this month on the level of spending to be accepted for grant purposes and on the allocation of large urban authorities. The grants to individual authorities

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2	52.28	113.74	185.98	270.90	370.72
5	130.70	284.34	464.91	677.24	926.80
10	261.40	568.68	929.82	1354.48	1853.59
20	522.81	1137.37	1859.64	2708.97	3707.18
40	1045.62	2274.74	3719.28	5417.93	7414.36

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## IN BRIEF

### Power cuts

The electricity supplies of some 200,000 consumers out of 17m. in England and Wales were disconnected in 1974-75, because of arrears of payment. Gas disconnections during the same period totalled 84,872 consumers out of a total of some 94m. This was stated yesterday by Mr. John Smith, Parliamentary Under-Secretary of State for Energy, in a written Parliamentary answer.

### Legal intrusion

There had been too much intrusion into business matters by laws which were often ill-prepared and drafted in incomprehensible language, declared Lord Limerick, President of the Association of British Chambers of Commerce, in Liverpool yesterday.

### Haulage dearer

Road haulage rates are going up between 12 per cent and 17 per cent in the Hull area in the New Year because of wage and substance allowance increases for drivers.

### TV claim

The fourth television channel should be given to the producers and directors, the Annan Committee on the future of broadcasting was told yesterday by the Association of Directors and Producers.

### Book exports

Concern was expressed by Glasgow Chamber of Commerce yesterday over the future of book sales to the U.S. as prices there are now little higher than in the U.K. and, in some cases, lower.

### Long range

#### weather forecast

VARIABLE weather during the next 30 days is forecast by the Meteorological Office. There will be average frequency of frost, snow and gales. Fog is more probable during the first half of December.

Mean temperatures are expected to be below average in eastern Britain and about average in western areas.

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## HOME NEWS

# CBI president seeks limits on public sector spending

BY ADRIAN HAMILTON

A RENEWED attack on the "horrifying" rise in public spending was made in London yesterday by Sir Ralph Batesman, president of the Confederation of British Industry.

Speaking to the Coal Industry Society, he suggested that public expenditure, which had grown from 30 per cent of GDP in 1950 to 50 per cent last year, was likely to reach nearer 60 per cent this year.

The big question facing Britain in 1976, was whether the country could reduce public expenditure and public employment levels or are we to encourage those in industry and the financial and service worlds to generate more wealth to pay for our overdrawn public spending?

Calling for the freeing of more resources "for wealth-producing activities," Sir Ralph said industry would be looking to the Government for action to follow up last month's Chequers meeting.

Strict cash limits on public sector spending were essential, although productive investment, such as for the coal and steel industries, would have to go ahead.

The Government should also exert its maximum influence through the rate support grant and in other ways to keep down local spending, he said.

Sir Ralph demanded the abolition of the Price Code, "that enemy of investment and creator of unemployment," and the reconsideration or delay of such measures as the capital transfer and wealth taxes, nationalisation of aerospace and shipbuilding and the Community Land Act.

"All these costly and highly irrelevant measures are clogging up the works and standing in the way of new investment and more jobs," he argued.

Among Sir Ralph's predictions: Perhaps 1.2 per cent growth in GDP during 1976; continuing deficit on the balance of payments; an increase in unemployment to between 11-14m. by the end of the year and reduction of inflation to around 10 per cent, by this time next year.

## British Gas urged to stand by pledge to freeze prices

BY RAY DAFER

THE National Gas Consumers' Council has urged British Gas to stand by its pledge to peg prices until at least next October.

British Gas is negotiating new contract prices for the supply of gas from southern fields in the North Sea. It is understood that the first of these agreements have been for increases of about 30 per cent.

The Consumers' Council said that irrespective of these negotiations British Gas would be expected to peg prices, particularly in view of the two substantial tariff increases this year.

Mr. John Evans, the Council's director, said that normally the organisation was given plenty of warning about gas prices. As late as October 21 it had been

More Home News  
Page 25

successful, the corporation hoped to avoid a further increase before October next year.

It pointed out that the price of gas was only one element in the cost of production.

When the corporation intro-

## Allow for inflation in accounts, brokers argue

ADJUSTMENT for the general level of inflation should be included as a part of the basic accounts of companies under the CCA approach, needs to be new inflation accounting system, supplemented by further figures rather than being relegated to the position of supplementary inflation, particularly on monetary assets and liabilities.

De Zoete and Bevan examine the records of "fictitious, but realistic," companies over the last six years. Though all three show a steady return on current cost capital, their current cost trading profits show, widely differing fluctuations.

"The resultant figures appear to be of no value in assessing the relative profitability or growth of the three companies," the brokers conclude.

De Zoete and Bevan argue that "whatever the steering group proposes it is vital that the field tests should include a detailed analysis of the usefulness of the figures to the investor and the consequent effect on the ability of companies to raise money in the capital markets."

Going further than the Stock Exchange or most other critics of the Sandilands proposals, the brokers maintain that adjusting for inflation on the value of shareholders' capital should not be relegated to a subsidiary position.

## Record exports for aerospace industry

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ON THE eve of today's critical second Reading of the aerospace industry nationalisation Bill, the industry of British Aerospace companies said that the industry's exports were at the record level of over £563m. for the first ten months of the year.

In the full year aerospace exports may exceed last year's record of £631m. by as much as £150m., to give a total of nearly £800m.

Analysing the figures, the society said that exports of aircraft and parts accounted for nearly £290m. in the ten months with exports of engines and parts amounting to £310m.

The SBAC hopes that Opposition MPs will use these new figures for aerospace exports as part of the case for keeping the industry out of State control.

The argument is that nationalisation is irrelevant, time-consuming and unsupported by a majority of the electorate.

Additionally, the SBAC feels that if the Government is ready to spend anything up to £300m., or perhaps more, on compensation for the aerospace industry takeover, it would be better to invest it in new ventures for the future.

It is pointed out that whatever the cost of the takeover, it will be only a part of the investment the Government must make in the industry over the years ahead to keep it active across the whole spectrum of aircraft work, from gunships for aerospace exports as airframes and engines to guided weapons and space activities.

## Tax allowance increased in Guernsey

BY OUR OWN CORRESPONDENT

GUERNSEY, Dec. 1.

PERSONAL TAX allowances are local MPs are being asked to be improved in Guernsey limit additional Government capital expenditure until the following year in which the end of 1975 to a total of £2m.

The budget shows that this year - Guernsey's ordinary income was £18.5m. of which £11.4m. came from income tax - more than originally estimated.

A warning about the island's rate of income-tax, and escalating Government pay and increases in indirect taxation, pensions bill is repeated. Next year's new tax allowances, according to the report by 10 permit single people to earn the Guernsey's Government, 1,000 instead of 1,800 a year ordinary expenditure will be £17m., of which at least £8.9m. will be spent on salaries, wages and superannuation against the comparative figure of only £5.4m. in 1974.

The budget proposals are already being seen here as an integral part of the Guernsey "package" which is being formulated.

## Nuclear cargo

The Pool Fisher arrived in Barrow yesterday with a cargo of spent nuclear fuel from the reactors of ENEL, the state-owned Italian electrical utility. It was the 44th such cargo to arrive in the U.K. The 20 tons of spent fuel aboard will be chemically reprocessed at the Windscale factory of British Nuclear Fuels under a contract estimated to be worth "several hundred thousand pounds."

Plutonium separated during reprocessing will be purified and returned to Italy under international and Euratom safeguards.

With a geiger counter in his hand a British Nuclear Fuels employee checks the lead-lined steel flasks containing the nuclear waste.

The Pool Fisher's cargo brings to more than 500 tonnes the spent fuel sent by Italy to Britain for reprocessing since 1968. Mostly this has been magnox (natural uranium) fuel from ENEL's Latina reactor, but it also includes some 70 tonnes of oxide fuel from the utility's Trino and Garigliano light water reactors. British Nuclear Fuels has also reprocessed over 200 tonnes of magnox fuel from Japan's Tokai Mura reactor.

Its negotiations with a consortium of Japanese utilities to reprocess some 4,000 tonnes on oxide fuel during the 1980s - a contract that could be worth between £300m. and £500m. - has recently been attached on health and safety grounds.

## Airlines launch world drive to safeguard passengers' luggage

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE WORLD'S airlines are making a united effort to get passengers' help this Christmas in avoiding delays to, and loss of, baggage.

With 50m. passengers expected to use the air transport system throughout the world in December and January, the International Air Transport Association says that probably less than 1 per cent of them will suffer losses of baggage.

But even that figure is considered unacceptable, and the airlines say that with a little co-operation from passengers it could be reduced, and the inconvenience through loss or delays minimised.

The airlines urge all travellers: 1. To lock all baggage and mark it with proper personal identification, both internally and externally; 2. At check-in, be sure that the baggage tag for the correct destination is fixed to each bag by the check-in clerk;

3. Check that the baggage claim tag is fixed to the passenger ticket, and that it shows the correct destination; 4. Ensure that baggage weight does not exceed the free allowance, and check with the airline in advance what the allowances are for each class of travel; and 5. If baggage is not delivered to the claim area at destination, promptly tell the airline and provide accurate details so that tracing can start at once.

LATA says that if these rules were followed by all passengers, much of the present delay and loss could be avoided. Even so, it is claimed that much of the baggage that does go astray is found within 24 hours, and almost all the rest is normally traced and delivered within 72 hours.

The airlines cannot guarantee to prevent entirely tampering with or theft of baggage, which is why they insist on bags being properly locked to provide at least some precaution.

Lost baggage is as expensive, time-consuming and irritating to the airlines as to the passengers, and the airlines want to stamp it out for their own sake as well as for that of passengers.

IATA also revealed yesterday that its members are to make another attempt to solve the problem of agents' commissions at a meeting in Geneva on December 8.

### Hope of success

Earlier talks in Nice and Cannes on a plan to give agents a standard commission of 8 per cent worldwide were unsuccessful, and were IATA now has some hopes that over the past few weeks the airlines have defined their ideas on future commissions more precisely, so that the Geneva talks can be fixed with some hopes of success.

# Gas

## DOING A GOOD JOB FOR BRITAIN.

### Good for the country.



Natural gas is saving Britain money—one thousand million pounds a year on our balance of payments, which otherwise would have to be spent on imported oil.

And it's saving Britain energy, too. Natural gas is such an efficient fuel that in terms of useful heat it already meets 30% of the country's needs. And by 1980 this figure could well rise to 40%.

### Good for the customer.



And because gas is so efficient it can save you money in home, office and factory. Particularly if you follow the expert advice available from your local gas showroom.

### Good for the environment.



Because it is a remarkably clean fuel, natural gas has already done a great deal to help reduce atmospheric pollution. And because gas is transmitted through unseen underground pipelines, vast quantities of energy can be transported quickly and easily with very little permanent effect on the countryside.

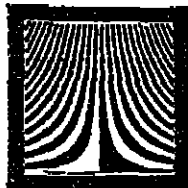
In the 10 years since North Sea gas was first discovered, gas sales have increased almost fourfold, the appliances of more than 12½ million customers have been converted to burn the new fuel, and a vast new high-pressure, remotely controlled pipeline network has been built.

This, and much more, constitutes a record of achievement of which any industry could be proud.



BRITISH GAS





# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## COMMUNICATIONS

### Keeping an eagle eye on 'phone costs

WITH ANOTHER round of increases in telephone charges, one of the first jobs implemented by Allied Business Systems on the Multibus II bureau facility at its Charing Cross Road Customer Centre is highly appropriate: a telephone network analysis.

The system's first major customer is a large national company, and it is based on a portable telephone traffic recorder which is attached to the internal telephone exchange and monitors traffic on all lines, external and internal. The output from the recorder, on paper tape, is fed into the Multibus II at Charing Cross Road and reports are produced analysing usage of internal extensions and external exchange lines under selected headings.

These range from a complete analysis of all activity on each individual extension to reports

of all outgoing external calls lasting more than a set time or costing more than a set amount. Other reports include the distribution pattern of exchange line usage in each half-hour period throughout the day, and details of all calls to selected destinations; for example a frequently telephoned regional office, or subsidiary, or customer.

The set of 11 reports gives a comprehensive picture of the usage of a company's telephone facilities, including summaries of costs by department, and enables real savings to be made by pinpointing areas where waste occurs, e.g. multiple calls to the same destination, excessive calls during peak charge rate periods, unauthorised calls outside working hours, etc.

Allied Business Systems is at 145 Charing Cross Road, WC2E 0EF (01-437 1078).

## Lloyds use video telex

SIX OF the video telex terminals made by Automation and Technical Services are to be used by Lloyds Bank International to work over the Post Office international leased telegraph message switching service.

Operating at about four times the speed of conventional teleprinters, the Vitel units will allow Lloyds to increase message handling while reducing time spent by the operator on each message.

Vitel is a silent non-mechanical crt visual display unit replacement for a teleprinter in cases where no hard copy is required. It is particularly suitable where a large volume of transmission is called for with high accuracy and at maximum speed. At Lloyds it will be used for message modification and verification, specifically designed to provide total system security in monetary dealings.

The display and associated memory are similar in function to paper tape but with the advantages that editing is simple and flexible and the transmission can be taking place while a new message is being assembled on the same machine. No paper

## Making sure of the words

BATTERIES by Chloride Industrial Batteries of Swinton will provide the standby power for the radio telephone system which links the new North Sea oil rigs with shore installations—and also enables the oil men to speak to their families on shore.

The batteries provide the power for a tropospheric scatter system, sometimes known as trans-horizon radio, which works at frequencies normally used only for line-of-sight communications.

A 20-ton battery installation is being set up by Chloride workers at Scarborough in Shetland, and a 14-ton battery installation is going in at Mormond Hill, near Fraserburgh, Aberdeen.

Standby Power division of Chloride says the order for the batteries to be supplied to the P.O. installation is worth around £40,000 to Chloride and could open up new horizons in this form of communication.

## DATA PROCESSING

### Light pen pinpoints the data

A VIDEO display/light pen system—so accurate that it will respond to a full stop on the screen—is to be introduced to the British and European markets by Delta Data System, of London.

The 5270 is designed for swift and precise selection of screen data—saving time in those applications where an operator must quickly select information presented on the video to initiate action from a computer or data communication system.

The operator simply touches the tip of the light pen to any character being displayed—the cursor then transfers from its current position on the screen to appear at the position indicated. This location is simultaneously signalled to the computer for transmission readiness.

Delta developed the unit as a "spin off" from a large U.S. Government contract which specified high-resolution light pen facilities to be associated with the company's 5000 terminal range. The 5270's fibre optics technology makes possible "full-stop" resolution (±1 character) standards on an inexpensive display for the first time.

Delta is at 193, Great Portland Street, London, W1N 5PD (01-580 7821).

## Scrapbook sold by Triad

NATIONAL Physical Laboratory's Scrapbook textual information handling package is being marketed by TRIAD under an exclusive agreement between the organisations.

Scrapbook provides facilities which enable information to be stored, indexed and retrieved under the control of the actual user of the information—who needs no computing knowledge. In addition, powerful security and confidentiality features are incorporated.

At present it works on the NPL computer network. Its conversion to operation on stand-alone CIL Modular I hardware is nearly complete. National Water Council is the first organisation to indicate its intention to order the package

and a second important order will soon be placed while other proposals are in an advanced stage of negotiation. Triad is at 01-383 6323.

## Intel discs for 370s

INTEL INTERNATIONAL has begun marketing a disc storage subsystem to provide mass storage capabilities for attachment to System/370 Model 135 and up. Intel 7835/7330-12 is software compatible and functionally equivalent to IBM's 3350 Disc Storage. One of the benefits offered by Intel is that the recording media can be removed from one drive and mounted on another for on-site data recovery.

First customer installations are for the fourth quarter of 1975. Customers will save between 10 to 30 per cent over IBM purchase or lease plans offered on the 3350, Intel indicates.

Intel, Imperial House, 1, Grosvenor Place, London, SW1X 7HQ (01-235 2495).

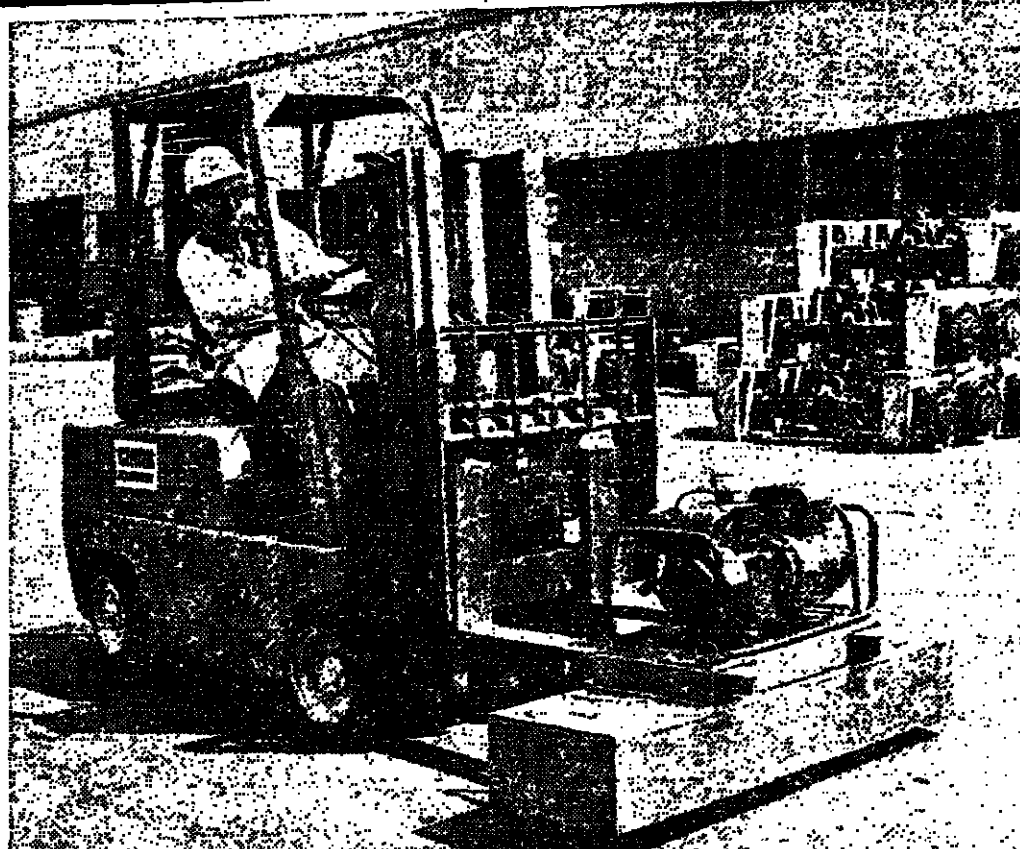
## Solid-state memories for 168's

INTEL International has begun marketing its System 370/Model 168 Add-On Memory to IBM end-users. The first customer shipment of the Intel 168 MMM (Monolithic Main Memory) is scheduled for June 1976.

The 168 MMM uses a random access memory chip of an advanced design, which reduces the number of components per memory size and provides superior reliability. In addition, it will save the user between 10 and 30 per cent of cost over IBM memory.

Starting from any IBM memory size, Intel 168 MMM can be added in one Megabyte increments to a system total of 8 Megabytes. All Intel memory is attached to the back of the CPU in a swinging gate design making the memory easily accessible and occupying the least amount of computer room space. The Intel 168 MMM is designed to be fully compatible with IBM S/370-168 Model 1, Model 3 and Multi-processor (MP) Models.

Maintenance is available to users through Intel's European Field Engineering Force. Intel is at Imperial House, 1, Grosvenor Place, London, SW1X 7HQ. (01-235 2495).



One of the latest additions to the magnetically operated equipment available from Eriez Magnetics-U.K. is an independently-powered device which fits on to the forks of a fork-lift truck and can be used for picking up pieces of metal from the factory floor. The 4-ft-wide sweeper consists of an electromagnet on which is mounted a small petrol-driven generator, with channels for picking up by a lift truck. Accumulated material is dumped from the magnet by momentarily switching the unit off, thus breaking the

magnetic field—so that when the driver needs to dump the material, he merely drives to the scrap bin, raises the sweeper up and over, and discharges the waste. In order to prevent ferrous material hanging on through induced magnetism, the power supply is fitted with a current-reversing switch. The faceplate of the sweeper is made of non-magnetic stainless steel. Further information on the sweeper is available from Eriez Magnetics-U.K., Wilson Industrial Estate, Caerphilly, Mid-Glamorgan CF8 3ED (0222 868301).

## HEATING

### Easy way to save heat

SAVINGS in the amount of energy used for heating can be obtained by increased insulation of walls, roofs and by double glazing. However, worthwhile savings can also be achieved by relatively inexpensive measures that can be undertaken by individual householders.

Search staff at the British Council laboratories at Watson House, London, have found that for houses heated by radiators on external walls the application of reflecting material behind a radiator significantly reduces the heat loss. Radiator shelves, usually used for decorative purposes, are also effective heat savers.

It is well known that the wall

immediately behind a radiator becomes very warm and infrared measurements taken of the outside of a house show hot areas corresponding to the positions of the radiators. This indicates that a significant amount of heat is lost directly through the wall behind the radiators. When reflecting material is added the hot spots disappear. Laboratory tests, aimed at quantifying the potential heat savings showed that over half of the wasted heat could be saved.

The amount of heat saved by the use of reflecting material depends on the construction of the house and type of radiator. For older houses with nine-inch solid walls the amount saved is greater than for newer premises built with cavity walls.

Even more heat would be saved if an air gap was left between the wall and reflecting material. However, the gap

between the radiator and reflector must not be greatly reduced otherwise it will affect the heat output from the radiators.

Almost any type of reflecting material can be used, the choice being dependent on the skill of the householder and the ease of access to the wall behind the radiator. Cooking foil can be used if the radiator can be removed from the wall first. It is however fragile and more rigid foils may be preferred.

The cost of enough foil to install behind every radiator in a house (6m<sup>2</sup>) ranges from £1 for a proprietary brand cooking foil up to £3 for a roll of stiffer material. To be added to this cost is the price of the tape or glue required for fixing. If these materials are used then the reduction in the heating bill during the first year of operation is likely to cover the cost of the installation.

## SAFETY

### Speaking in dangerous places

AFTER being on the market for quite a number of years ITT's Terraphone system has received approval for use in certain types of hazardous environment. This telephone system enables a person to contact another very quickly. All he or she has to do

is to lift the nearest handset, press a button and announce the name of the person wanted.

The name is announced from all the voice reproducers in the system simultaneously and the person called simply goes to the nearest handset. When the handset is lifted contact is made with the person. The conversation is not broadcast generally. More information about the system can be obtained from ITT Terraphone, Kingmaker House, Station Road, New Barnet, Barnet, Herts, EN5 1QX (01-440 8456).

## ELECTRONICS

### Accurate controller

A NEW, three-position stepping controller, specifically designed for OEM applications has been introduced by Honeywell.

Versapak Model 7485 is cheaper than a conventional position proportional controller and easier to install and set, especially where control settings need to be repeated for identical ap-

plications. Reversible electric motors can be controlled without a feedback potentiometer, and temperature control applications such as environmental chambers, dryers, ovens and furnaces can be handled. Set point accuracy is high at  $\pm 0.5$  per cent.

Integrated circuitry and a minimum of moving parts ensure a high degree of reliability and virtually no maintenance. Honeywell at Charles Square, Bracknell, Berks. Bracknell 24555.

## COMPONENTS

### Imperialism raises its head

A DRIVE to sell more Imperial thread stainless steel fasteners into the mainly Metric European market is being launched by Everbright Fasteners of Twickenham at the Interfast Exhibition

which is taking place in the Palais du Centenaire, Brussels, this week.

Although Metric is the prime thread used in Europe there is a demand for Imperial threads particularly in the Scandinavian countries, explained Mr. Harold Cook, Everbright's managing director.

Everbright has been supplying small quantities of Imperial threads into Europe for some years and is of the opinion that a much bigger trade can be developed although it is "against the flow" of the Metrication movement.

## INSTRUMENTS

### Indicates slow flow

OIL throughputs down to 0.1 litres/hour—about one drip per second—can be measured to  $\pm 0.5$  per cent with the Mentor meter introduced by Kent Meters, Pongwicks Road, Luton, Beds. LU1 3LJ (0582 31100).

Suitable for many applications where accurate low flow measurement of light viscosity liquids is required, the unit is particularly aimed at individual house metering of piped heating oil supplies from a central supply tank, for example on housing estates.

The meter uses a double diaphragm inside a chamber which is thereby divided into three. The diaphragms are rigidly connected by a rack. Using an integral channelling and porting system in conjunction with a quick acting slide valve arrangement on the inlet, the diaphragm/rack unit is made to reciprocate at a rate proportional to flow.

The motion of the rack is transformed into rotation by a clutch system and turns a pointer round a dial additively (1 rev is one litre passed through). Total is shown on a counter.

Rates up to 25 litres/hour can be indicated, and the minimum head from which the meter will work is 30 cm (12 inches).

## PROCESSING

### Condenses cardboard cartons

LARGE, intact cardboard containers are shredded at high speed and then squeezed into a dense pack within a polyethylene bag by a mobile carton destroyer introduced by EBA-United Kingdom, 34, High Street, Thatcham, Newbury, Berks. (0635 63208).

The maker says that "hundreds" of cartons per hour can be destroyed and that the unit will process other forms of packaging material with equal ease—even light wooden vegetable crates can be dealt with. Staples and strapping materials do not affect the machine.

Up to 40 cubic metres of empty cartons can be reduced to a single pallet load of eight sealed and wrapped packs weighing about 400 kg total which can be stored outside in all weathers without detriment. Mounted on castors, the machine can be made operational by an electrician soon after delivery to site.

## Construction News

covers the industry

with news of contracts, plant, offshore development, plus DEC 11 Free monthly Colour Magazine giving a round up of the 1975 milestone events in the offshore oil and gas construction field. Picture features on sponsorship, plant test and use of excavators for dredging. DEC 18 Career opportunities in civil engineering continuing in special education supplement.

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An expanding international bank seeks fresh University Graduates persons with a few years' experience in International banking to start as Probationary Officers.

The ideal age for these positions is between 22-32 years while knowledge of any one or more Oriental languages such as Urdu, Hindi, Punjabi, Arabic or Persian would be considered as an additional qualification.

Candidates, who should either be U.K. citizens or holders of unrestricted work permit for U.K., are required to submit handwritten applications giving detailed account of their educational, professional and curricular activities not later than 12th December 1975 addressed to:

The Personnel Manager  
Bank of Credit and Commerce International S.A.  
71a Queen Victoria Street  
London, E.C.4.

## CROWN PRINCE FAHD OF SAUDI ARABIA SAYS:

"...our doors are open... there is indeed a role for British industry in this plan and we welcome the fullest participation."

The Guardian, 24th October, 1975

## DOES YOUR COMPANY WISH TO PARTICIPATE... FIND A PLACE IN A £75,000,000 PROGRAMME?

On January 12th 1976\* the Financial Times proposes to publish its survey of Saudi Arabia. It will be as penetrating and impartial as the business world expects FT surveys to be.

Equally certain is that it will command international interest and respect. Particularly so in Saudi Arabia, where it will have the attention of many high-level administrators and officials master-minding this vast, five-year project. And those awarding contracts, commissioning technical and specialist organisations and gathering in professional expertise.

An advertisement in this survey will give

your company an opportunity to stress its skills and achievements and make its name better known to buyers who wish to see British industry involved in this immense scheme. If you have such a message to convey to Saudi Arabia and, indeed, the whole world of international business, contact Jonathan Goodall at the Financial Times on 01-248 8000, extension 520. He will give you all the information you require regarding the editorial content of the Survey and advertisement rates and data. If you prefer to write to him, the address is: BRACKEN HOUSE, 10 CANNON STREET, LONDON EC4A 4BY.

## SAUDI ARABIA

An FT survey scheduled for publication January 12th 1976\*

PLEASE NOTE: THE CONTENTS AND DATE OF THE SURVEY ARE SUBJECT TO COMPLETE EDITORIAL DISCRETION.

\* NEW DATE



## METALWORKING

### Orders for big milling machines

SAID TO provide one of the largest overall workpiece capacities in Europe, a numerically controlled milling and boring machine has been delivered to Kjellberg-Eberle, Frankfurt, by the Butler Machine Tool Company, Mile Thorn, Halifax, Yorks. (0422 61641).

A further machine of similar type is on order for a Dutch customer, as well as two more for British Nuclear Fuels. Current price for these machines is about £150,000, depending on bed length and ancillary equipment.

Called the Elgamill LNC, has Plessey NC 1500 control, and maximum spindle travel of 15,000 x 2,500 x 970 mm. (60 x 8 x 3 feet). It is a travelling column milling and boring machine, with three axis control suitable for contouring in two axes. It can be supplied without NC.

The control cabinet is mounted on a travelling platform attached to the column. Ferranti digital readout is installed, with the setting controls on a mobile pendant. The operator stands on a platform attached to the headstock, keeping him in close proximity to the cutter and the spindle speed change lever which are the only manual controls. There are 27 spindle speeds, from 30 to 2,080 r.p.m. Zero-set datum positioning is fitted.

A 15 h.p. spindle motor drives a horizontal spindle in the machine. A detachable universal head, with machine angular feed, is provided. In this machine, 25 and 30 h.p. spindle motors can be supplied or a 20 h.p. dc drive.



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## LABOUR NEWS

## Yorkshire miners call for special pay talks

By Our Labour Correspondent

**YORKSHIRE MINERS'** leaders yesterday called for a special one day conference on miners' pay because of "soaring inflation" but the move, by the Yorkshire area council National Union of Mineworkers, looks unlikely to succeed.

For national NUM leaders agreed only two weeks ago to lodge a £8 a week pay claim in line with the Government's pay policy and with the wishes of the majority of miners as expressed in a pit-head ballot in August.

The Yorkshire resolution called for the delegate conference because of the "circumstances now prevailing in the economy" and went on to demand delegates should also be allowed to discuss the lack of progress towards a new top grade for development men "as a matter of urgency."

### Militants

Although much emphasis was put on the issue of the new grade, the militant Yorkshire miners' call for a conference is seen more as a means of keeping the overall pay question alive in the hope that rising prices may spark a groundswell of opinion among miners against the Government's pay policy.

The Yorkshire initiative may win support from the other traditional militant mining areas of Scotland, Kent and South Wales but if the matter is debated at next week's NUM executive it seems unlikely that the voting pattern will be any different from the 14-to-nine support for the pay policy registered just a fortnight ago.

Referring to the Yorkshire miners' move last night Mr. Len Clarke, president of the Nottinghamshire miners and a leading NUM moderate, said the special conference was "not on" as miners had already cast their votes in favour of the Government policy.

### GMWU post

Mr. Ian George Dunn has been appointed South West regional secretary of the General and Municipal Workers Union succeeding Mr. Gordon Reeves who has retired.

### £6 issue hits knitwear

By Our Labour Staff

SEVERAL KNITWEAR factories in the Midlands were closed yesterday by the first in a series of one-day strikes called by the National Union of Hosiery and Knitwear Workers in support of its claim for the full £8-a-week allowed under the pay policy.

But the union and the Knitting Industries Federation gave a widely differing picture of how effectively the strike call had been observed.

The union claimed that 90 per cent. of its members in companies represented by the Federation and in Courtaulds, the other party to the dispute,

## Power station gives notice to head of 'unrecognised' union

By LORELIE OLSLAGER, LABOUR STAFF

A **WARWICKSHIRE** power station has given notice to the president of the Electricity Supply Union for refusing to join one of the four TUC-affiliated unions recognised by the electricity industry under a closed shop agreement.

Mr. Ken Atkins was told that his employment at the Hams Hall power station will end on January 11.

He is the seventh member of the ESU to lose his job for refusing to join any of the unions which concluded the closed shop agreement with the Electricity Council in 1969.

The other six, including the ESU's part-time general secretary, are appealing to an industrial tribunal against their dismissal.

Mr. Paul Nicolson, general secretary of the Confederation

## Plan to boost rail equipment exports

By Our Labour Staff

MR. PETER SHORE, Trade Secretary, will tell British Rail management and union leaders to-day that he is planning a campaign to increase British exports of railway equipment.

Mr. Shore will outline his plans at a special meeting also to be attended by other Ministers and representatives of private and State manufacturers.

The National Union of Railwaymen in particular has been pressing for increased efforts to export railway equipment as a way to improve British Rail's ailing finances.

The Department estimates that the world market for railway equipment will double by 1980 to £1,000m. in 1973 prices. The aim of the new export drive, is to increase Britain's share from the present 5 per cent.

The Department proposes to co-ordinate British sales efforts in the most promising markets, such as the OPEC countries and Latin America and to keep a close watch on day-to-day progress.

The overall direction of the new export drive should please the NUR. But differences could arise, as the union believes that new investments should be made

## TGWU to use new Act against Ladbroke's

By Our Labour Staff

THE TRANSPORT and General Workers' Union plans to make use of the new Employment Protection Act in its long-running recognition dispute with Ladbroke's, the bookmakers.

The union is expected to refer the recognition issue to the independent Advisory, Conciliation and Arbitration Service when recognition sections of the Act come into force in two months' time.

At the same time the union seeks maximum compensation—£5,200 or two years' pay, whichever is greater—for 339 betting-shop clerks dismissed by Ladbroke's in Scotland six months ago. The company has said it cannot reinstate them.

An industrial tribunal ruled in a test case involving six of the dismissed workers brought by the TGWU that the staff should be given their jobs back. But due to reorganisation of the company the jobs are no longer available.

The TGWU says if its application for maximum compensation is successful Ladbroke's may face total costs of over £1m.

The union is meanwhile launching a countryside education campaign to explain the provisions of the Act to its members.

## NEWS ANALYSIS — MANPOWER

## Cassels plan to find jobs

By JOHN ELLIOTT, Labour Editor

THERE HAS been a lot of talk in the past few years about the need for the U.K. to have a forward-looking co-ordinated manpower policy which will make sure that the right type of worker is available at the right time and place in the cbb and flow of economic and industrial cycles. Such a strategy will help to increase industrial efficiency and reduce unemployment.

Nearly two years ago, a new organisation, the Manpower Services Commission, was set up to act as the body responsible for this under a board comprising TUC and CBI nominees plus representatives of local authorities, education, and other interests.

It is now in charge of the separate agencies which run the Government's training and employment services, and is also responsible for the new Job Creation Programme, and for co-ordinating industry training boards.

However the Commission has not so far fulfilled all the initial hopes and now it is to be given new impetus by the creation of a new post of Director of the Commission who will work under its chairman—at present Sir Denis Barnes.

Yesterday it was announced that Mr. John Cassels, 47, is to become the first £14,000-a-year Director next Monday and it will be his job to lead the Commission into a more positive role.

Initially drawing up Britain's first comprehensive manpower policy which could turn the Com-

mission into a significant arm of the country's economic planning. In an exclusive interview yesterday, Mr. Cassels spelled out the wide-ranging role he sees for the MSC. "Our first job will be to set about devising a comprehensive manpower plan which will mean working far out for the next six months so that it is ready by next July," he said.

"The MSC has wanted to do this anyway but now it will also fit in with the Government's new industrial strategy which is being discussed by the National Economic Development Council. So now the MSC must concern itself with the manpower end of the strategy," said Mr. Cassels, who sees the MSC as, potentially, a more effective operator of the manpower end of the strategy than the NEDC itself.

He acknowledges the difficulty of drawing up a manpower strategy against a background of changing Government policies and rapidly developing economic problems and therefore sees a need for the plan to be flexible, based on whatever firm forecasts are available.

If this all seems rather vague, Mr. Cassels is not too dispirited. A highly respected civil servant who was Mr. Ray Gunter's private secretary at the then Ministry of Labour in the mid-1960s, he was secretary to the Donovan Royal Commission on Trade Unions and is a devotee of its basically voluntary rather than legalistic approach to labour problems.

He sees a basic and simple need to create circumstances in which as many people as possible can work as effectively and harmoniously as possible and has had considerable experience of this both during a spell on secondment to Dunlop and in the job he is now leaving—chief executive of the Commission's Training Services Agency.

"The labour market ought to work better and then industry will be more efficient," he declares. "If industry has the skills where and when it needs them, you'll cut unnecessary unemployment and you'll also save workers from being hurt unnecessarily by technological change."

In addition to drawing up its plan and ensuring the employment and training agencies fit into it, the MSC must therefore also influence affairs which may be outside its immediate control but which affect manpower policy.

"There will be a need, for example, to look into housing if you want labour mobility. Increased higher educational standards also raise questions of who will do less skilled jobs, so one must look into education."

"This leads into how available skills and labour can best be used which will make the MSC take an interest in the efficient use of manpower. Should our employment agency keep sending craftsmen, for example, to a company whose practices mean it suffers

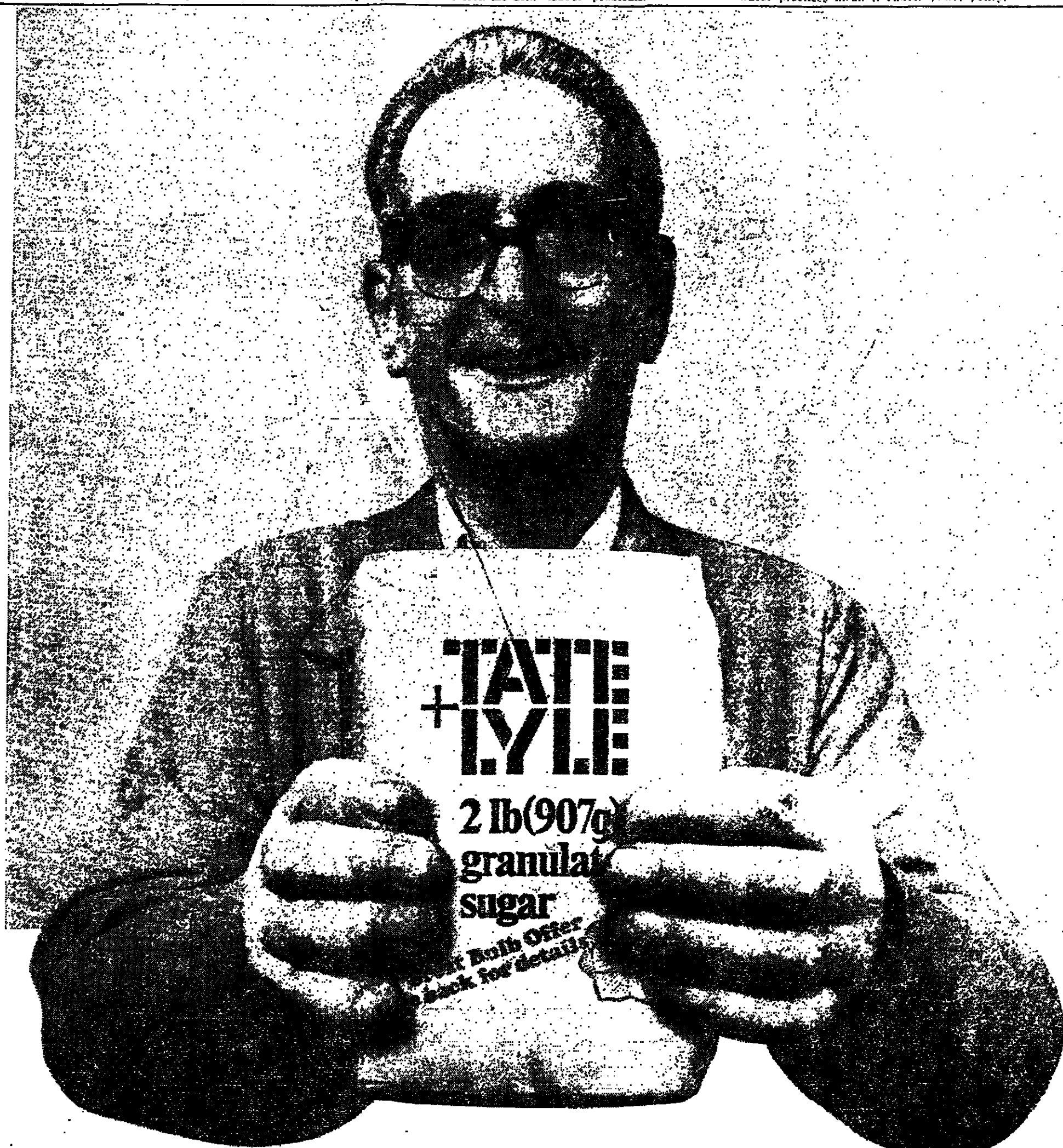
from a high labour turnover? This isn't prying into company practices but simply making sure that public money, contributed by the people in that factory and everywhere else, is put to the best use."

To do all this will mean the MSC taking an interest not only in the NEDC work at national level, but also in regional planning (where it is building up a network of 125 local manpower committees) and in different industries. This will involve close working with the National Enterprise Board and with the preparation and implementation of planning agreements.

Providing essential back-up information will be a central intelligence unit now being built up at the Commission's headquarters (which are due to move from Central London to Sheffield in two or three years' time.)

Thus well this unit's work—and therefore the Commission's manpower plan when it emerges—faces in the Whitehall machine remains to be seen because there is no sign of Mr. Michael Foot's Employment Department—or of the Treasury for that matter—being prepared to waive its right to push its own line.

Diplomatic operating in this potential minefield—with his TUC-CBI dominated Commission on the one hand and Whitehall on the other—should therefore further enliven the work of Mr. Cassels in his new job as he prepares the country's first manpower policy.



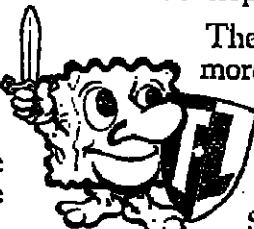
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## Russians attached to 25 companies

BY JOHN HUNT

THE GOVERNMENT last night named 25 British companies exporting to the Soviet Union which have Soviet trade inspectors attached to their factories in Britain in order to inspect their equipment.

The system has led to controversy in the Commons and there was a row last week when it was learned that 71 inspectors are at present in the U.K. Mr. Cranley Owslow, one of the Tory defence spokesmen, protested to Mr. Roy Hattersley, Minister of State for Foreign Affairs, that Russian trade officials had abused the confidence and trust of the British people in the past.

Following the row, Mr. Owslow put down a written question asking the Foreign Office for the names of the British firms concerned. The question was transferred to the Home Office and last night Mr. Alex Lyon, Minister of State for Home Affairs, replied listing the names of the companies.

They are: V. A. Aft Ltd.; John Brown Engineering (Clydebank) Ltd.; C.A.B. (Construction) Ltd.; John Brown Ltd.; Clark International Marketing; City and West East Ltd.; Dunn International Ltd.; M. Goldetz (Overseas) Ltd.; Girling Ltd.; Global Watches; Hartle-Stedall Ltd.; International Computers Ltd.; Folger International Corp.; Machine Tool Agencies; Nikreiss Maritime Co. Ltd.; Priox Ltd.; Courtalds; Satra Motors Ltd.; Serek Controls; Sim Chem Ltd.; Simon Carves Ltd.; Singer Co. (U.K.) Ltd.; Staveley Machine Tools Ltd.; Stone Wallwork Ltd.; Swan Hunter Shipbuilders Ltd.; Vickers Ltd.; Wilkinson Sword Ltd.

## Tougher penalties in Forces

By Richard Evans, Lobby Correspondent

MUCH TOUGHER penalties for offences against discipline in the Armed Forces are contained in a Government Bill published yesterday.

The Armed Forces Bill, renewed by Parliament every five years, seeks to increase the summary powers of Army, Royal Marine and Royal Air Force commanding officers, and to provide more appropriate powers over civilians who work for the Armed Forces overseas, including the setting up of a special tribunal.

Under the Bill, a private soldier or airman could be given a period of detention summarily by his commanding officer of up to 60 days, compared with the maximum of 28 days now permitted.

## Doctors evoke memories

BY PHILIP RAWSTORNE

"Politically-motivated blackmail... over-riding need to sustain the Government's pay policy"—the Commons exchanges on the hospital doctors' action yesterday reverberated with echoes of the Conservative Government's pay battle with the miners.

Two-year-old memories even pointed to a compromise solution in another look at the statistics on which the Government's offer of £12m. extra duty allowance to the junior doctors is based.

"It is certainly not the Government's desire to deprive the juniors of any money to which they are entitled," said Mrs. Barbara Castle.

But she added later: "I would be letting the country down if I invented a calculation which would be patently at odds with the pay policy."

One breach of the policy and it would collapse in ruins, she said. Infla-

tion would resume its appalling upward course and the first people to suffer would be NHS patients.

As it was, Mrs. Castle said that the combined action of consultants and junior doctors, if fully applied, would cause "serious risks to the health and even the lives of patients." Their interests were being "wantonly flouted," she declared.

She invited the House to deplore the militancy, including the reprisals of some hospital workers—and Mr. Norman Fowler, the Tory spokesman, responded firmly. "The Conservatives will not support action to break the Government's counter-inflation policy," he declared.

But, to Labour protests, Mr. Fowler went on to accuse Mrs. Castle of leading the NHS from crisis towards catastrophe.

The Social Services Secretary re-

torted, with strong backbench support, that she had done all she could to avert the industrial action. She sympathised with the long hours that some junior doctors worked—and offered immediate talks on a new timetable.

But Mrs. Castle agreed with Mr. John Tomlinson (Lab., Meriden) that there could be no surrender to the "politically-motivated blackmail" of the consultants' action against the Government's plan to phase private practice out of the NHS.

"This is a matter for Parliament where no doubt it will be fully and hotly debated," said Mrs. Castle. . . .

"It becomes very dangerous when we have the kind of industrial action to prevent a political decision which we are now getting from the consultants."

Mr. Enoch Powell and quite a few Conservatives nodded in vigorous agreement.

## Mrs. Castle ready to start talks on reduced hours of duty



MRS. BARBARA CASTLE  
Faced by Tory charge that she risks NHS catastrophe.

MRS. BARBARA CASTLE, Social Services Secretary, yesterday called on the junior doctors and consultants to reconsider their action and resume talks.

In a statement, the Minister told MPs she was willing to start immediate talks aimed at reducing the junior doctors' hours of duty to a maximum of 80 a week.

Mrs. Castle said that the action proposed by the consultants in England if fully applied together with the junior doctors' sanctions, would cause very serious risks to the health and even the lives of patients.

She also criticised action by the National Union of Public Employees, saying: "I can only deplore any action from any quarter which damages the needs and interests of the patients, and I urge all NHS staff to leave this matter to Parliament."

Mrs. Castle said that the industrial action by juniors, in which some were restricting their hours from 9 a.m. to 5 p.m. five days a week, had led to the closure of a number of accident and emergency units. It was encouraging that as many as four out of ten junior doctors had voted against industrial action in their ballot, and that the endorsement of industrial action by the hospital juniors' staff committee of the BMA was carried by only 23 votes to 19.

### Willing

It was also encouraging that the principles of the new contract had received overwhelming support in the recent BMA ballot. "It is possible under the pay policy to start phasing in the contract immediately on a basis which will ensure no detriment."

"But our real aim should be to reduce the long hours which some juniors work. I am willing to enter into immediate talks with the juniors, and representatives of the consultants, who would have to be involved, to agree a timetable for reducing juniors' hours of duty to a maximum of 80 hours a week."

This cannot be introduced without agreement by consultants as well as the juniors, and without a willingness for juniors in posts which do not involve long hours of duty to shoulder some of the burdens of their colleagues who do work long hours.

Turning to consultants, Mrs. Castle said the councils of the BMA had recommended that from that day doctors in the senior grades in NHS hospitals should limit their work in caring for emergencies and patients already receiving inpatient treatment.



MRS. BARBARA CASTLE  
Faced by Tory charge that she risks NHS catastrophe.

They were also collecting undated resignations, and had said they would discontinue the action if all matters in the consultative document on private practice, including the phasing out of pay beds, were referred to the Royal Commission.

"I hope the whole House will deplore this additional industrial action. As the Prime Minister has said, the question of separating private practice from NHS

hospitals is a matter for Parliament."

Opposition spokesman, Mr. Norman Fowler, told Mrs. Castle: "Not only have you led the Health Service into crisis, but you risk leading it into catastrophe."

Conservatives would not support any attempt to break the Government's counter-inflation policy. But the Prime Minister should consider a conference of all parties involved, with the aim of giving the negotiations a new start and breaking down the atmosphere of mistrust.

### Reasonable

On the consultants' dispute, Mr. Fowler said he did not support industrial action, but he urged Mrs. Castle "Will you not even now agree to a reasonable compromise, and refer the whole pay beds and separation policy to the Royal Commission?"

Mrs. Castle said the Prime Minister had agreed to a meeting with the president of the Royal College of Surgeons, Sir Rodney Smith, on Wednesday.

On the pay beds issue she said: "In the end, it will be for the House to decide what is a profound matter of principle as to whether or not it should be possible within a publicly financed National Health Service to buy privileged treatment."

The issue of private practice was a political matter, and it should be decided by Parliament. Mr. Cyril Smith, Liberal Chief Whip, claimed: "Doctors are displaying a militancy which has proved to pay off in other past years."

Mr. Robert Hughes (Lab., Aberdeen N.) said it was despicable that both juniors and consultants appeared "quite willing

to put the health of patients at risk."

Dr. David Crouch (C., Canterbury) said that several hospitals were at very grave risk now and risk at the end of the week will be severe.

Barracked by some Labour back-benchers, Mr. Crouch added: "I will not be talked out of a question involving people's lives. I deplore industrial action from both junior doctors and consultants—but we have reached a state of impasse and it is your duty to give leadership out of this impasse."

Mrs. Castle replied: "It would be wrong for the Government to approve a breach of the pay policy because if we do the policy will collapse. Inflation will resume its appalling upward course and the first people to suffer will be the patients in the NHS."

She was deeply concerned about the well-being of patients. "We will make whatever arrangements we can to safeguard the interests of patients which their own doctors are so wantonly flouting."

Mrs. Castle told Mrs. Jill Knight (C., Edgbaston) that she realised that those consultants not taking industrial action did not necessarily accept the Government's policy. "All the more honour to them for putting their patients first."

She agreed with Mr. Leslie Spriggs (Lab., St. Helens) that junior doctors were not always working "the extravagant hours that are sometimes claimed. We are not always talking about hours of work, but hours of duty, some of which may actually be spent at home."

Mr. David Price (C., Eastleigh) said that all unions in the NHS ought to be invited to sign a voluntary agreement never to

## MPs back farm loans increase

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

PROPOSALS for increasing aid to the farming industry

enabling about £300m. to be made available for lending to farmers—were approved in the Commons last night under the terms of the Agriculture (Miscellaneous Provisions) Bill.

Mr. Fred Peart, Agriculture Minister, said that one clause in the Bill would provide for an increase in the limit on Government advances to the Agricultural Mortgage Corporation from the current £17m. to an upper

limit, if the Commons agreed, of £40m. in all.

The Minister pointed out that the Corporation had been the major source of long term loans for the industry for nearly fifty years. It was important that there should be no doubt about the Corporation's capacity to continue offering this important service to farmers.

The Government advances provided the necessary support to enable the Corporation to continue raising on the market the money which it lent on a long-term basis to farmers on the

security of their land so that they could buy or improve their farms.

Another provision in the Bill introduced measures to restrict the growing of male hops. Mr. Peart told the House that the U.K. was almost alone among hop-growing countries in not growing seedless hops.

But there was an increased demand for the seedless hops not only by British brewers but by the international hops market, both within the Community and in third countries.

## Chrysler: Heseltine fears dealer network break-up

BY JOHN HUNT

A WARNING that unless the Government rapidly makes a statement on the Chrysler situation the company's dealer network might "disintegrate" was given in the Commons yesterday by Mr. Michael Heseltine, "shadow" Industry Secretary.

But, despite strong pressure from both sides of the House, Mr. Eric Varley, Industry Secretary, refused to be drawn and would only promise that a statement would be made as soon as possible.

There were 800 exclusive Chrysler dealers in the U.K. and he realised that they were just as worried as the workers in the Chrysler factories. He also refused to confirm or deny reports that the Government was prepared to make £30m. to £35m. available to save Chrysler in the U.K.

Mr. Heseltine warned him that the time was coming when any statement might be overtaken by the fact that the Chrysler dealers were rapidly losing confidence in the situation. At least, he urged, the Government should make a holding statement before confidence evaporated.

"If the dealer chain disintegrates, then no saving of Chrysler on a national scale will have any impact whatsoever," he declared.

Mr. Michael Spier (C. South Worcestershire) maintained that if £30m. was made available it would be a scandalous misuse of public money in terms of the effect on the public debt and on inflation.

Mr. Varley told him that there had been a lot of speculation in the newspapers—most of it wrong. The Government was



MR. MICHAEL HESELTINE  
"At least, a holding statement..."

faced with an extremely difficult and grave situation and would make a statement as soon as possible.

Mr. Leslie Huxford (Lab., Newcastle) reminded him that in Coventry and the West Midlands unemployment was now approaching 10 per cent of the labour force. Many of his constituents, particularly those at the Chrysler Ryton plant, did not know whether they would have a job to go to next year.

A statement was necessary at the earliest opportunity. During questions to the Department of Industry, Ministers also came under fire from impatient MPs who claimed

that the Government was dragging its feet on the question of selective import controls and in announcing details of the guidelines for the newly formed National Enterprise Board.

Mr. Max Madden (Lab. Sowerby) warned that if action was not taken soon on import controls, not only would the textile industry suffer but many other areas of the country would be in complete disarray. He asked if it was going to be another case of "too little too late."

Concern was also expressed by Mr. Eric Hoyle (Lab. Nelson and Colne) who reminded the Minister that people were on short time and more textile mills were closing.

But Mr. Gerald Kaufman, Industry Under-Secretary, would only say that as the Prime Minister had already promised, a statement will be made shortly.

On the question of NEB guidelines Mr. John Stanley (C., Ingham and Malling) thought it extraordinary that details had not been published at a time when the Government had already announced its industrial strategy.

One of the Tories' industry spokesmen, Mr. Tom King, said the Opposition was getting heartily fed up with passing legislation without knowing how it would operate in practice. He asked for a promise that the guidelines would contain an undertaking that the NEB would have regard at all times to the new industrial strategy of the Government.

Mr. Kaufman replied that discussions are still taking place on the draft guidelines with various bodies including the CBI, and an announcement would be made as soon as possible.

## Varley blames world recession for higher BSC loss prospect

BY JOHN HUNT

A GRAVE financial situation faces the British Steel Corporation with the prospect that in the second half of the financial year it will make higher losses than the deficit of £125m. already announced for the first half which ended in September, Mr. Eric Varley, Industry Secretary, told the Commons yesterday.

This was primarily the result of extremely adverse trading conditions and the Corporation was making every effort to limit the losses through cost savings, he said.

Mr. David Crouch (C. Canterbury) declared that this was an extremely grave statement which meant that the industry was now in a desperate situation. He pointed out that the BSC's borrowing this year so far had exceeded £1,500m. and the prospect of losses this year was up to £200m.

Mr. Varley agreed that it was a grave situation but emphasised that the BSC was facing the worst world recession for 40 years. The Corporation was having discussions with the trade unions about cost savings and he hoped they would be successful.

From the Conservative front bench Mr. Tom King wanted to know if Mr. Varley had told Sir Monty Finniston, chairman of the BSC, that the Government would give him full backing in any measures to reduce these serious losses. On the other hand, he wondered if Mr. Varley intended to interfere in the way that his predecessor, Mr. Anthony Wedgwood Benn, had done.

Mr. Varley replied: "It is our intention to give the British steel industry the support that is required."

Mr. Hugh Fraser (C. Stafford and Stone) pointed out that Bethlehem Steel in the U.S. had still managed to make a high rate of profit in spite of the American recession.

Mr. Varley told him that he was just as anxious to make sure that productivity and the financial outturn of BSC also improved.

## Judge's costs award queried

A DECISION of Mr. Justice Melford Stevenson to reduce costs allowed to defence solicitors and counsel in a recent case had been widely regarded as a punishment for attacking police evidence, Mr. Bruce Douglas-Mann (Lab. Mitcham and Merton) said in the Commons yesterday.

He asked Mr. Sam Silkin, Attorney-General, in what circumstances a part of costs could be disallowed because of the manner in which the case had been conducted.

Mr. Silkin replied that the solicitors concerned had indicated they were appealing to the Taxing Master, and the question was now sub judice.

## Power cut off for 120,000

ABOUT 120,000 people who owed electricity bills in England and Wales were cut off from the mains last year, Mr. John Smith, Energy Under-Secretary said in a Commons written reply yesterday. There are about 17m. consumers.

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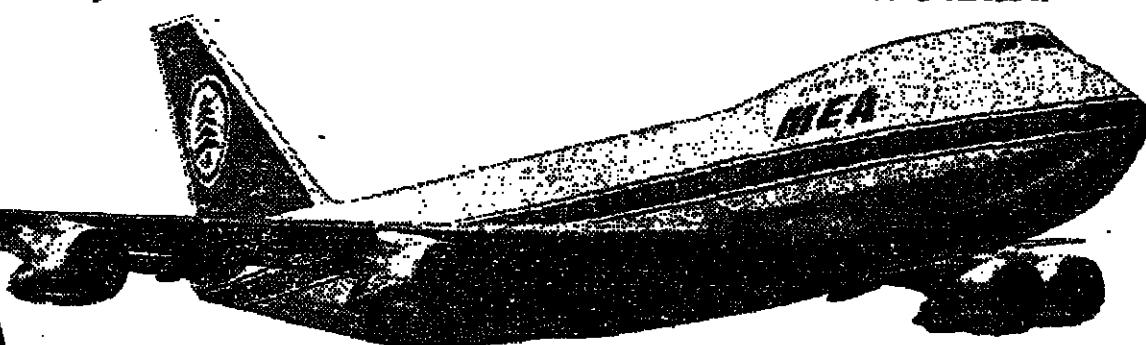
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# The Executive's World

EDITED BY JAMES ENSOR

Elinor Goodman assesses the prospects for Brent Cross...

## A shopping revolution

IN FOUR MONTHS' time, 19 years of planning will come to fruition with the opening of what is being optimistically described as "London's second Oxford Street." Situated seven miles north of Oxford Circus at Brent Cross, some 50 retailers have already signed up to occupy the 800,000 square feet of covered selling space which it is hoped will attract 1.275m. customers from a radius of 20 minutes' drive.

Developed by Hammerson, the property group, and Brent Walker, the leisure concern, at a cost of around £20m., Brent Cross is no ordinary shopping centre. Based on a concept already very successfully developed in America and France, it is the first covered regional shopping centre to be built in this country. Thus, unlike the urban renewal shopping schemes, such as those in Nottingham and Manchester, it is not designed to serve the needs of an existing shopping community but those of a whole region.



"Guided by helpful pedestrians it took me one hour to drive from Highbury Fields... a distance of five miles as the crow flies." Brent Cross near completion, but will miss the Christmas trade.

### Magnet

Just as Oxford Street draws its customers from the whole of Southern England, so it is hoped Brent Cross will act as a magnet for shoppers as far afield as Swiss Cottage and Camden Town in the north and Luton and Watford in the south. Like Oxford Street, it will provide a wide range of shops with two major department stores—John Lewis and Fenwick's—a big Marks and Spencer, and C and A, as well as six menswear shops, at least 15 ladies' dress shops, five eating places, a hairdresser's and the usual spectrum of boutiques selling accessories like shoes and handbags.

Like Oxford Street, too, it is hoped that people will go to Brent Cross on their major shopping expeditions. The emphasis will be on major purchases, like dresses and consumer durables, rather than items bought every day. For this reason there will only be one supermarket—the John Lewis food subsidiary, Waitrose.

The main difference between Brent Cross and Oxford Street—apart from the fact that the "West End" has a long history of successful trading and Brent Cross has none—is that the new development is designed for the motor age. Though the centre will be served by public transport, it is expected that the majority of customers will come by car. Provided that not more

than 3,500 cars turn up at the same time, parking will not be a problem.

Basically built on two levels, the centre is designed to draw an equal flow of customer traffic to both levels; thus avoiding the problems of having a ground floor, which attracts most of the customers, and a first floor where few people venture. Only the department stores will have three floors.

Judging by the architect's model of the centre, Brent Cross will be an attractive place to shop. Though not particularly pleasing to look at from the outside, the interior is likely to compare well with the French centres. Like the French developments, the two department stores will act as magnets to draw customers from one end of the centre to the other.

For the moment, however, the architect's dream is still covered with scaffolding. The original target date for opening was October of this year, but the schedule was put back by the three-day week and having to replace high alumina cement used on the ground floor, and, although it is difficult to believe, the developers are confident of a March completion.

That it will open in the spring, rather than before Christmas, must be a major disappointment to the retailers involved, particularly as sales are in any case currently depressed by the general recession. Even if publicity

results in a rush of curious customers to the centre in March itself, retailers will still have to face the traditionally slack period of April and May before being able to establish whether Brent Cross looks like proving itself. This aside, it will probably be at least two years before any of the big retailers start breaking even on their investment and nearer seven years before the developers re-coup the £20m. they have invested in it.

The original idea for the development came from Hammerson which started looking for a suitable site as long ago as 1957. Then in 1963 the company agreed with Hendon Borough Council to develop a site previously used as allotments, together with the old greyhound racing track owned by Hackney and Hendon Greyhound.

At that stage the estimated cost of development was only £6m.

A joint company was formed to develop the site in which Hackney and Hendon Greyhound (later merged with George Walker to become Brent Walker) had a 25 per cent stake and the property company 75 per cent. However, the situation has been complicated by a legal dispute between Brent Walker and Hammerson over the nature of participation with Hammerson of Standard Life and Royal London, the institution providing finance.

Both sides say the matter is sub-judice and the whole affair looks as if it could take some time to solve. To some extent this dispute is subsidiary to the key question of whether Brent Cross will ever produce the "shopping revolution" promised by the supporters of such regional centres. Certainly local residents are not yet aware of the revolution on their doorsteps despite a series of enthusiastic speeches given to local women's organisations by Hammerson executives. Guided by helpful pedestrians it took me one hour to drive from Highbury Fields to Brent Cross—a distance of not more than five miles as the crow flies. Though the centre is theoretically situated in an ideal position on a junction of the North Circular the A41 and the feeder road to the M1, it is not exactly a joy ride getting there from London.

Without the advantage of the signs that will be put up before the centre opens and the pre-launch publicity, it is obviously

unfair to judge how accessible Brent Cross will prove to be, but there seems little doubt that it will attract more customers from the suburbs to the North of London than, say, from Hampstead.

Even so, it is difficult to imagine Brent Cross ever providing the kind of atmosphere which can still be found in the West End. Though most of the big multiple retailers have taken space, the line-up of shops somehow lacks the variety of an established shopping centre.

One reason why, of course, is money. The asking rent is £15 per square foot (or a sales-related rent as is being paid by JLP) and though this may be well under half the cost of opening in Oxford Street, the economy has to be weighed against the risks of opening in such a virgin territory as Brent Cross (a risk that is reflected in the rents being paid by the big stores). Moreover, many of the boutiques which Hammerson would like to attract are only trading profitably in their existing premises because the are paying historic rents far below £15 per square foot. Also, the remaining units on offer are all between 1,500 and 2,500 square feet and are thus too large for many entrepreneurs.

In fact, Hammerson says that once the big stores had signed up, filling the rest of the space has not been much of a problem. Admittedly, it took some time and several false starts to get the department stores in, but since then the flow of applications has been fairly steady. Eighty-five per cent of the space has now been let. The difficulty, the company says, has been getting the right mix of retailers and avoiding the duplication of, for example, shoe shops seen in Oxford Street.

One obvious motivation for going into Brent Cross is the "if you can't beat them, join them" syndrome, and certainly there has been an element of this in the thinking of some of the stores that have taken space. Though Hammerson argues that the centre's opening will not harm trade in the existing local shops, the trade has to come from somewhere. The smaller department stores in places like Wood Green and Watford may have reason to see Brent Cross as a threat to their business. Whether trade in Oxford Street will suffer dramatically from this new initiator seems more doubtful. But then, as Hammerson points out, there is not much room left in Oxford

## Coping with currency losses

BY TONY RING

WITH the pound floating, companies are having problems in deciding how to treat any profits or losses made on foreign currency transactions or in translating foreign assets and liabilities into sterling. In recent weeks Land Securities showed a loss of around £3m. on foreign borrowings and Woolworth showed a third quarter loss of £1m. on its foreign debt—but neither of these figures were taken into the profit and loss account itself.

Techniques of how best to deal with these problems are still evolving and there is little conformity between the two countries that are leading the way—the U.K. and the U.S.

The U.S. was first to present a comprehensive accounting rule. The Financial Accounting Standards Board Statement No. 8, published in October, adopts three principles concerning foreign currency transactions: overseas subsidiaries, and forward exchange contracts.

(a) In accounting for foreign currency transactions, a "two-tier" perspective is adopted. Thus a transaction is recorded using the foreign exchange rate applicable to the date on which the transaction was entered into, and any deviation from that rate is accounted for separately as a profit or loss on exchange. The decision to extend credit or to take credit in a foreign currency is seen as a different management decision from the decision to enter into the original transaction. The effect is that all profits and losses on exchange flow immediately through the income statement. This happens on the accruals basis, as conversion of the foreign currency asset or liability is made at the actual rate at each balance-sheet or interim balance-sheet date.

(b) In translating the foreign statements of overseas subsidiaries, the "temporal" method is used. This values assets and liabilities in dollar terms according to how they are valued in their original currency. Thus assets and liabilities measured on an historic cost basis (for example fixed assets, inventory at cost, deferred tax liabilities derived from accelerated depreciation) are converted at historic exchange rates—but assets and liabilities measured on current value basis (for example cash, receivables, payables, inventory at net sales price) are translated at current exchange rates.

This has had a dramatic impact on those companies which have previously used the formerly acceptable current/non-current method where all assets and liabilities are valued at historic rates. A number of U.S. companies with DM or Sw.Fr. denominated loans are sitting on substantial losses because of the weakness of the dollar.

(c) Forward exchange contracts must be revalued at year end and any gain or loss charged to the income statement. One exception is permitted, which modifies the general two-tier perspective of foreign currency transactions mentioned above. If a company hedges a specific future currency commitment with a forward contract, the forward rate can be substituted for the spot rate in the measurement of the asset or liability involved.

These new U.S. accounting requirements, eliminate the advantages formerly obtainable by borrowing Euro-currencies at low interest rates and effectively deferring charging the interest differential between Euro-currencies and dollars until repayment by adopting the current/non-current method of translation. The implication is that foreign currency borrowings will be made on their economic, rather than on their accounting, merits.

In the U.K. we have not yet sought such esoteric heights. The five major accounting bodies in the U.K. appreciate that the question is a knotty one and have the topic currently under study. To date, their Accounting Standards Steering Committee has merely offered advice in its Exposure Draft 16 which proposes:

i) The use of either the current / non-current method (mistakenly referred to as the temporal method) or the current rate method under which all assets and liabilities are valued at current exchange rates.

ii) that foreign currency payables should always be translated at the rate prevailing on the balance sheet date.

iii) that any profits or losses that arise by valuing fixed assets at the current rate can be passed through reserves.

iv) Other gains or losses on exchange should flow through the income statement. But a loss on a foreign exchange liability can be matched by a gain on foreign fixed assets financed thereby so that effectively it flows through reserves.

The most significant difference between the two approaches is the forthright rejection in the U.S. of the current rate method for translating fixed assets. This makes sense because the translation of fixed assets at current rate represents neither the historic cost of those assets, nor a full revaluation and appears to have no sound practical meaning. It remains to be seen how these differing views will be reconciled by the International Accounting Standards Committee.

Even greater differences arise when considering the tax position of currency gains and losses in various countries.

The main differences in principle are (a) realisation or accruals basis. Some countries adopt a middle course recognising exchange losses on the accruals basis and profits on the realisation basis; (b) one-tier or two-tier perspective for fixed assets; (c) income or capital gains treatment.

The U.K. has a fairly definite, though complex, set of tax rules for exchange gains and losses. Those gains and losses relating to trading assets or liabilities are taxable or deductible as York.

## Energy saving in buildings

BY BOB CREW

BRITAIN saves more energy than any other industrialised nation. American, on the other hand, is among the world's most wasteful users of energy. These are the findings of a report by the International Energy Agency (IEA) in Paris, which states: "Clearly the United Kingdom has one of the best conversion programmes in the IEA at present." In a survey of 17 member-countries of the Organisation for Economic Co-operation and Development, Britain comes top, with Sweden second, Denmark third and Italy fourth. America is fourth from bottom, above Belgium, Norway and Austria, while West Germany, seventh from top—is above Spain, Japan and Canada.

It is estimated by the Royal Institute of British Architects (RIBA) that about half the energy used in Britain is accounted for by buildings, not just in their heating and cooling, but in the activities that are conducted inside them as well. Certainly, the battle for saving Britain's dwindling energy resources and attendant cost is greatly influenced by the conduct of those who occupy buildings, particularly office, commercial and industrial buildings. The energy conservation programmes surveyed by the IEA are those implemented since the 1973-74 Arab oil embargo and Britain's programme, since that time has included, highly effective measures such as compulsory heating reductions in non-residential buildings, new insulation requirements with tax allowances to that end, and special loans to industry for energy-saving investments.

Useful

Maximum energy-savings can, of course, be achieved in the design and construction of buildings as well as in their use. A report to the Ministers of Energy and Housing by a special steering group of the RIBA recommends that it would be useful for architects to meet with occupiers of buildings to explain to them those design features which require a change of habit and behaviour by users. The RIBA report also calls for the practical value of energy budgeting schemes to be demonstrated and explained to owners of buildings so that they can implement conservation measures of their own.

From the insulation and ventilation-control of buildings to the adoption of lower heat-standards, thermostat-control of radiators and lowering of light levels—in conjunction with efficient light-fittings, the report is far-reaching. It says that thermal problems should be

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## Test case at Leyland

THE motor industry is engaged in assembling a large number of specialised parts into complete vehicles. If the supply of any particular part is interrupted, production as a whole must come to a stop, and sooner rather than later, that, in a nutshell, is why the industry is so abnormally vulnerable to small-scale industrial action. The latest incident to affect British Leyland is typical, in that the demand of a few internal drivers at North Oxford for a regrading that would give them some extra pounds a week has effectively cut off the supply of radiators and petrol tanks and brought a large part of the firm's production at Longbridge as well as Cowley to a halt.

This is far from being the first such incident from which the company has suffered at Cowley this year. Production is yet threatened by sanctions imposed by 66 testers and 430 inspectors who demanded to be regraded as production workers in the hope of achieving an increase in their pay despite the £6 ceiling endorsed by the TUC. The company, which is, as it were, on public trial for good behaviour, cannot afford to be caught out circumventing the pay limit in this way, even if some firms less exposed to public notice have been less rigorous in interpreting its terms. But its very firmness has helped cause a loss of production which itself threatens the official assistance on which its future depends.

## Principle

Beyond these sporadic but damaging attempts to find a way round the wage limit, however, there is a larger principle involved for British Leyland—one on which it made its feelings quite plain earlier in the year at the first outbreak of a stoppage by testers, who were demanding to be regraded as skilled workers. The motive of the men in this case, too, was probably to find a way of bending the incomes policy in their favour. The management of British Leyland, however, saw clearly that if it gave way in one special case it would eventually be forced to give way in many others. Quite apart from the restrictions immediately set by incomes policy, therefore, it refused to consider the men's demand except in the context of a comprehensive job classification exercise.

It is here that rivalry between different unions, the TGWU and the AUEW, comes into the picture.

## Loose language at the United Nations

THE LATEST Security Council Resolution on the Middle East is unusually delicate even by Middle East standards. It was passed on Sunday night only a few hours before the mandate for the UN force on the Golan Heights between Israel and Syria was due to expire. Part of it extends that mandate for a further six months, which is itself a welcome development. But the Resolution also says that the Council will reconvene on January 12 next year "to continue the debate on the Middle East problem including the Palestinian question, taking into account all relevant UN Resolutions."

## Russian

The catch here is that it does not say which Resolutions are relevant. If it were simply a question of the longstanding Middle East Resolutions—242 and 338—this presumably could have been stated; the implication must be, however, that at least some of the members of the Council had other Resolutions in mind concerning the status of the Palestine Liberation Organisation (PLO). This interpretation is borne out by the statement of the President of the Council, who happened to be a Russian, immediately afterwards: "It is the understanding of the majority of the Security Council that when it reconvenes on January 12... the representatives of the PLO will be invited to participate in the debate."

It was clearly not the understanding of the whole of the Council. Mr. Daniel Patrick Moynihan, of the U.S., for example, said that the President was merely giving the views of "some members" and

At plant level, the rivalry may take many different forms. Seen more generally, it can be regarded as competition between workers who have traditionally been regarded as "skilled" and those who have been regarded as "unskilled." The latter have claimed that the distinction is becoming obsolete or irrelevant, and successive periods of Government-enforced or Government-encouraged pay restraint have had the effect of greatly narrowing traditional differentials. The management of BL is keenly aware of the pressure already existing to get part, at least, of these differentials restored and is therefore unwilling to consider job classification on a piecemeal basis.

## Differentials

The company looks, therefore, like becoming a test case for the success of official policy in two ways. The first, and much the better publicised of the two, is the recommendation in the Ryder report that franchises of public money should be injected into the company only after regular reviews of the progress made in reducing the number of industrial disputes and improving productivity. It was widely pointed out at the time of the report that the Government would find it no easier in the future than at the time to refuse public help because of poor productivity, and Lord Ryder has himself recently issued a warning about labour disputes. What action will follow his warning remains to be seen.

The second way in which BL will, because of its exposure to the public gaze, provide a test case of official policy, however, lies in the underlying dispute about traditional pay differentials. It seems to be widely accepted that some kind of differential increase in pay will have to be allowed when the present flat limit on increases is withdrawn, but there will almost certainly be a major dispute, both at national and plant level, between those who want to see full traditional differentials restored and those who want to hang on to a large part of their recent gains in relative pay. Failing a nationwide job classification exercise, which not even the most ardent advocate of incomes policy has yet suggested, the Government can expect a good deal of trouble.

Yesterday's Pilcher Committee report spells out the continuing problems of property companies. Quentin Guirham examines its implications for the implementation of the Community Land Act

## Offices: the brakes stay on

WHEN in January Mr. Anthony Crosland appointed an advisory group on commercial property, with a brief to see how Britain's future new offices, factories and shops would be affected by Labour's third attempt to nationalise development land, the developers themselves complained bitterly that they were not represented on the committee headed by Sir Dennis Pilcher.

Labour's second attempt to administer nationalisation, the Land Commission of 1967 to 1970, had at least included the most successful post-war developer of all, Lord Samuel. But the Pilcher Committee was not to follow this precedent. This was no surprise. The developer had, in a final spiral of property values in 1973, lost all sympathy from the public, from most of industry and from the political parties (it was Mr. Anthony Barber who had cutbush property lending and produced First Letting, Tax and Development Gains Tax).

Thus, without friends, those who were responsible for most shop and office development were excluded from an advisory committee which was intended to tell the Secretary of State how the industry worked.

## Not another cross

As it happens, the developers need not have regarded Pilcher as yet another cross to bear. Sir Dennis, as adviser on business rents to Mr. Crosland, was influential, along with the Bank of England, in arguing for the lifting of the commercial rents freeze. His committee included institutional voices, from the Prudential Assurance and the miners' pension funds, who could argue the case for an adequate return from commercial property far more effectively than any company could, since the institutions are both socially-acceptable and have what money there may be in fund new developments in the early years of the new land scheme.

So the first report from Pilcher's completed at speed so as to be of use in framing the final details of the Community Land Act and published yesterday, starts off by quoting the institutions' case: "The return on the capital employed in commercial property development, and the detailed terms of the investment, must be adequate compared with alternative avenues of investment, due account being taken of the company's risks."

It argues against the prospect of local authorities being able to become sole developers to any great extent, and queries

their ability to act as efficient landlords. It asks central and local government to speed up the processing of planning applications, urges central government to make future tax liabilities on commercial property more certain than they are at present or have been in the past, and argues (a point it was especially asked to consider) that 60-year leases, as the Government first proposed, are usually unsatisfactory—the exceptions might be some industrial schemes. Instead, it sees "the desirability in many cases" of leases of 125 years or more, even suggesting that in special cases local authorities

the near future. "Development schemes will only be viable if there is a substantial reduction in the rate of inflation and in the rate of interest charged for funds. Without such a reduction, little new development will be undertaken, and a diminution of new space can be expected in two-three years." Is how the report sums up the situation.

The development appraisal statistics included in the Pilcher Report, reproduced here, show how, for the moment, possible planning gains have become of much reduced importance simply because most office developments do not look

gearing. Others have been forced to sell and are still acting very much under the orders of their bankers. This is despite record investment in property in 1974 by the institutions, much of it done to save the development companies from bankruptcy with the consequent repercussions on their bankers. Insurance companies put 42 per cent of their investment funds, a total of £352.6m., into property last year. The pension funds invested £112.8m. That the institutions have continued to invest heavily in property this year is shown by the decreasing yields they are accepting when buying the best

major post-Pilcher decision, Mr. Silkin yesterday did not go as far towards attracting institutional money as the report suggests. While the committee found that there was no objection in principle to investing in leaseholds (though 70-80 per cent of insurance funds are in freeholds), it did suggest that the main effect of short leases, by which it meant "rather less than 99 years" would be to diminish greatly the price which authorities would get in selling sites for commercial development "even if institutional interest could be secured, which seems unlikely on their present investment policies."

tions on which, in the absence of funding for development companies for an indefinite period, his scheme rests. His argument is that 99 years is a guideline and that the length of lease is a matter of fashion. Whatever the origins of the 99-year lease (no one seems quite sure, but it is thought to relate to 19th century Stamp Duty provisions) they have been popular in the past and Mr. Silkin does not see why they should not become acceptable again.

What is perhaps the most revealing note in the report is left to the concluding page. Among the wide range of eva-

## HOW SITE VALUES HAVE CHANGED

## EXAMPLE 1: CENTRAL LONDON OFFICE DEVELOPMENT

(250,000 sq. ft. gross 200,000 net)

	1970	1975
Net revenue—200,000 sq. ft. (net)		
Estimated rental value @ £5.50 sq. ft.	£1,100,000	@ £11 £2,200,000
Capitalise at developers rate of return (years purchase in perpetuity @ 8%)	12.5	@ 10% 10
Therefore, limit of expenditure possible on construction, on-costs and site acquisition	£13,750,000	£22,000,000
Less Construction costs 250,000 sq. ft. (gross) @ £12 sq. ft.	£3,000,000	@ £40 £10,000,000
On-costs @ 36½%	£1,101,250	@ 45% £4,527,500
Total development costs	£4,101,250	£14,527,500
Balance to site (on completion of development)	£9,648,750	£7,472,500
Defer for unremunerative planning and development period up to full letting of offices 3½ years @ 8%		0.764 4½ yrs @ 15% 0.534
Present value of site	£7,371,645	£3,990,315
Site as a percentage of total cost	53½%	18%

## EXAMPLE 2: MAJOR PROVINCIAL CITY OFFICE DEVELOPMENT

(72,000 sq. ft. gross 60,000 net)

	1970	1975
Net revenue—60,000 sq. ft. (net)		
Estimated rental value @ £1.40 sq. ft.	£84,000	@ say £3.50 £210,000
Capitalise at developers rate of return (years purchase in perpetuity @ 8%)	12.5	@ 10% 10
Therefore, limit of expenditure possible on construction, on-costs and site acquisition	£1,050,000	£2,100,000
Less Construction costs 72,000 sq. ft. (gross) @ £8 sq. ft.	£576,000	@ £25 £1,800,000
On-costs @ 26½%	£153,600	@ 34½% £622,500
Total development costs	£729,600	£2,422,500
Balance to site (on completion of development)	£320,400	—£322,500
Defer for unremunerative planning and development period up to full letting of offices 2½ years @ 8%		0.825 3 yrs @ 15% MINUS MINUS
Present value of site	£264,330	MINUS MINUS
Site as a percentage of total cost	25%	

might be able to dangle the old-fashioned carrot of a freehold before reluctant developers. It argues, too, that property owners should have a right, rather than a possibility, to exploit the Schedule 8 planning tolerance which has created more property fortunes than any other planning regulation.

The long-term message from Pilcher is, in short, that if there is to be a continuing stock of new commercial buildings then, land scheme or not, most of the money will have to come from the private sector. This is a message which has been apparent all along to those concerned with framing the Community Land Act and the Development Land Tax. Mr. John Silkin, who is responsible for the Land Act, has always said that he did not aim to take the speculative possibilities out of buildings, only out of land. Whether it has always come across like this, either among his own Left-wing or among the Opposition, is not so clear.

Meanwhile, Pilcher's immediate conclusion is that, even allowing for regulations under the Act proving favourable to investors, private funds of this sort will not be forthcoming in

viable. It would be hard to argue that these tables are too favourable to the developers. Even though many will find it difficult to square their present pleas of poverty with the enormous asset value gains being made until only two years ago.

For instance, to take construction costs in central London at 540 per square foot is to take the lower end of the scale. Development finance has been allowed for at the rate of 10 per cent for 1970 and 15 per cent for 1975 and there are few who could raise any large proportion of new finance at 15 per cent now.

What the tables also illustrate, when £11 per square foot is quoted for a central London rental, are the potential gains which looked possible when equivalent rents of £18 per square foot were being obtained and well above £20 (which were achieved in the City) expected.

Whatever the potential, the facts are now that no major development company can see a profit in undertaking speculative office developments. Even the sound companies, such as Land Securities, are selling prime investments to cut their

freehold property with good covenants. But this does not mean that, despite the tax advantages they enjoy, new developments look more attractive to them than to development companies.

Building and interest costs, plus rents which have declined by as much as 50 per cent, in some areas as the recession has hit demand for space, mean that major new developments undertaken now appear a gamble on economic recovery. Should that economic recovery come, then the extra demand ought to create shortage problems around 1978 and a high value for developments started now.

But there is already so much vacant space—the City may well have 5m. sq. ft. empty in a year's time—that only the very bold would gamble that the lack of new starts now will create a similar escalation of property values to that caused by the Lord George-Brown office ban of the 1960s. Property development companies, even if they wished to take the chance, do not have the funds to do so. The institutions, are not gamblers and see existing property as a safer investment.

Yet, in what is the first

Part of the institutions' case may be countered simply: of course they will buy freeholds if they are available, but if they are not, they will change their ways. This is largely true, though in an interim period it does risk a two-tier market in which the freeholds are dramatically chased up in value, not something the Government particularly wants.

However, Mr. Silkin's decision to go for 99-year leases—with authorities having to ask central government for permission to grant longer ones—means a greater rethink of property investment policy if the institutions are to co-operate than might at first seem apparent. Taking a long-term view, which they have to do, it will mean that, at any one date in the future, the average life of a fund's leasehold investments will be 50 years or less. This, particularly for life funds, means a complete change from the present policies, based on actuarial considerations, which tend to make them sell leases once they are down to 75 years.

In this first decision, therefore, Mr. Silkin has not gone far towards pleasing the institu-

dence taken, it reads, "it might perhaps have been expected that we should hear some voices raised against the basic principle of recompensing a substantial measure of development value. None has been heard."

Even many private developers, in their present battered state, are prepared to say they wish to live with the land scheme rather than see the Conservatives carry out their promise to scrap it should they regain office. A period of certainty is needed, and the Government can do much by twisting, particularly among nationalised pension funds, to see that a start is made on the implementation of Mr. Silkin's scheme. But the message of Pilcher is that market forces dictate property investment as much as investment in equities. It will take much proof of the efficiency of local government in administering the Act before institutions begin to look at new developments rather than established prime freeholds, even at yields of 61 per cent, and below, as a suitably secure home for their funds.

\* Commercial Property Development (HMSO, 95p).

## MEN AND MATTERS

## Barkway comes back

First Talisman Investment Trust has not had the most distinguished of corporate careers since it came to the market in 1972, and the man behind the company which is taking it over comes from a merchant bank which has a history as turbulent as many over the last few years. Dennis Barkway left bankers Edward Bates last August and simultaneously set up Energy Finance and General Trust with a capital—paid cash on the nail by himself apparently—of £100,000.

Now Barkway is returning to dealing with a modest £143,000 bid for First Talisman, and it will be interesting to watch the progress of the new venture. First Talisman came to the market at an offer price of 70p a share, and after a foreign currency loan went badly, its value dipped as low as 3p a share; currently it is estimated at around 4½p or 2p below the offer price from Energy Finance.

Barkway left Bates apparently amicably according to all concerned, and the fact that he left with money is evident not only from the formation of EFG, but also from the fact that he personally bought a near 30 per cent stake in another public company, Hamibourne. Other directors in Energy Finance have also been involved in fairly turbulent situations. Cecil Benzecry was a former legal director with Jessel Securities—now apparently headed for liquidation, while Richard Eldridge is the Eldridge of Eldridge Stableford—which is already in the hands of a receiver.

One of First Talisman's more interesting unquoted investments is Vidacope Finance, a company formed specifically to hold the rights for the film of the Muhammad Ali (of Cassius

Clay fame) story. This is in the books at a nominal £1, but has an estimated value of around £10,000—which will be receivable when filming gets under way next May. Perhaps this will help Barkway and colleagues to bring First Talisman Phoenix-like from the metaphorical ashes.

## Tax avoidance

There was strong evidence of embarrassment at the headquarters of the prestigious City insurance brokers J. H. Minet yesterday afternoon, when faced with inquiries about a somewhat bizarre new life assurance investment scheme which employs some spectacular tax avoidance expertise.

Minet's firmly refused to discuss the new life policy and it was left to their partners in the scheme, the life assurance subsidiary of merchant bankers Schroders—the finishing school attended by some of the best known City figures including the Governor of the Bank of England to fill in the background.

Schroders' life's actuary John Earle conceded that Minet's silence might be accounted for by the joint decision to "adopt a low profile on this. It is not the sort of thing we could put across in a newspaper" he ventured.

"This" is a deferred annuity investment scheme which will sound vaguely familiar to those who remember guaranteed income bonds. The complexity is that in order for the investor to avoid income tax, higher rate capital transfer tax and even capital gains tax (yes, it is still possible) the policy has to be purchased by an employee of the agents selling it—in this case a director of Minet's.

The policy is then sold to the investor's wife, who must make a gift of it to her husband—so avoiding capital transfer tax. This circuitous route is necessary to avoid the provisions of



the 1968 Finance Act which said that if you assigned a life policy it was subject only to capital gains tax, not income tax. The conditions were tightened up in the 1975 Finance Act which said that you could not avoid income tax by assigning the policy to a "compliant colleague or close relative" it said nothing about directors of J. H. Minet.

Mr. Earle is confident that the scheme is "within the letter of the law."

But as with so many of these tax loopholes in the life assurance field it is not long before the Inland Revenue close the gap if too much money pours through. And they have been known to do it retrospectively which could land somebody with a substantial tax bill.

Lord Todd, who won the Nobel for chemistry outright in 1937, at the age of 30, yesterday became the Royal Society's president for the next five years. The tall, burly Glaswegian

takes up the appointment in a year when one of Britain's most exclusive clubs—754 fellows—has decided to make itself a wee bit less exclusive. Henceforth it will elect 40 new fellows a year instead of the customary 32.

Lord Todd of Trumpton, a life peer since 1962, is a Cambridge chemist of commanding presence and forthright manner, of whom one colleague comments: "The proper place to hear him is in the aisle of Glasgow Cathedral."

Ever since he was offered a chair at Manchester at the exceptionally tender age of 31, his technical advice has been eagerly sought by his peers. Once asked by a chemical company what he would do about one of its research centres, he said brusquely: "Halve the number of people and double the temperature."

Unofficially, he has lent his name to a unit used in chemical circles, the "micro-Todd"—a measure of the standard of laboratory accommodation for chemists. His new chemical laboratories at Manchester soon after the war set a new standard for industry and university alike in a profession notorious for the cramped and evil-smelling working conditions.

## Freudian?

Yesterday I justified printing someone else's misprint by balancing it with one from my own paper. To-day I plead coincidence as the reason for picking up The Times Financial Editor's column. As I was reporting the Guardian's "Long dated guilt-edged stocks" The Times was talking about "traps in drawing investors into disastrous long-term guilt investments."

Perhaps this is less criticism of colleagues, and more backing for the theory of Freudian slips?

Observer

## SUCCESS STORY

## Honeywell

## LONDON BOROUGH OF HILLINGDON

MARK III\*Network Information Services, distributed by Honeywell, are now being used by the London Borough of Hillingdon.

The new time-sharing package, CAPPS (Computer Aided Project Planning System), designed by Hillingdon itself, is helping the Borough to prepare, co-ordinate and control programmes and budgets for a wide range of projects. At the same time, each level of management is given relevant information. It is presented in a form which is readily understood and provides the basis for action—covering progress against programme, spending against budget,

future workload and future demands on resources.

MARK III means success: for further details call 01-568 9191 (Ext. 432).

\*Trademark of General Electric Company (USA).



Honeywell Information Systems Ltd., Great West Road, Brentford, Middlesex.



SOCIETY TO-DAY

BY JOE ROGALY

# When doctors behave like dockers . . .

THE DOCTORS are wrong. They should return to work immediately. This applies both to the junior hospital doctors and to consultants, who are being previously ill by the British Medical Association. There is no justification for the extreme action that is now being advocated; on the contrary the fact that some doctors are clearly willing to put patients' lives at risk will quickly lose them any public sympathy they might now enjoy.

Not everyone will agree with these propositions. Some people harbour a vision of the doctor as a sort of rock brigade of militant professionals, leading the defence against the collectivist excesses of the Labour Government. In support of this might be said that the leaders of the lower-paid workers in the health service have themselves precipitated the crisis by regarding paying patients as a kind of *nerf-nutzen*, whose physical ill-being is expendable in the interests of furthering their own vision of the class struggle.

## New word

Indeed some of the remarks about private patients by representatives of the National Union of Public Employees and 100,000 ancillary workers and the Confederation of Health Service Employees (a total of 100,000) have led me to wonder whether we need a new word in our vocabulary.

I would suggest "classist" or "racist" and "sexist" for someone who incites to action against individuals merely because of their social class to which they belong. The current

fashion of attacking everything "middle class" (which has led to hospital workers refusing to clean rooms or provide linen or food for certain patients, swimming pools for children from private schools and so on) is starting to have a similar effect to attacks based on the ethnic origin or gender of particular individuals.

Yet none of this justifies what the BMA is doing. For the first time in its history the Association has called on all its doctors in hospitals to treat emergency cases only; when this is translated into the militant trade union language that best describes it, what the BMA has asked for is something very close to a strike. It has asked family doctors to support the action, in the spirit of solidarity. And, as part of a quite separate dispute, it has asked the consultants to start their own near-strike (or "go slow" or "work-to-rule" if that seems to fit better) and to organise action committees in every area in an effort to maximise the harassment.

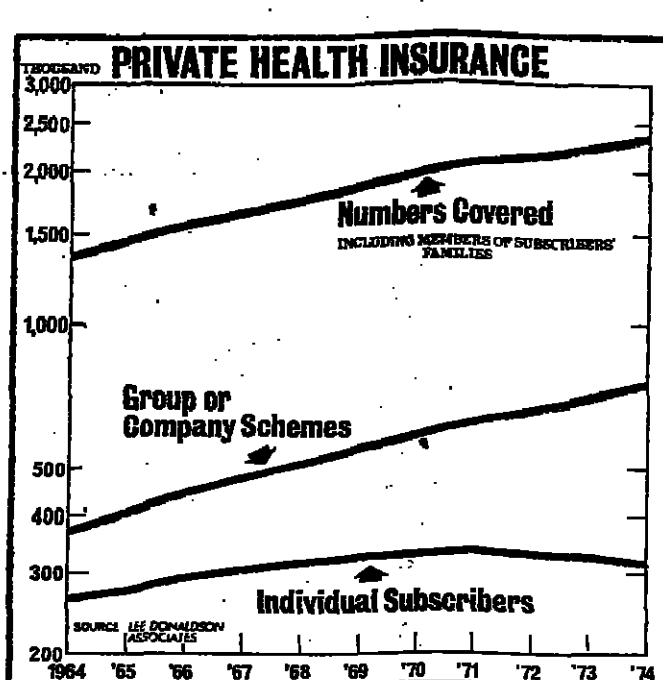
It is just possible to imagine circumstances in which this kind of thing might seem the only choice left, but no such circumstance exists to-day. We do not need to suffer under a totalitarian government. There is no civil war. Revolution has not appeared on the streets. It is true that some unpleasant aspects of the battle between the classes which is Britain's fundamental weakness have recently become manifest, but none of this has yet reached or even approached a level that might explain (if not excuse) the risking of patients' lives.

Again, it might be said that the National Health Service is under great strain. Its morale has been weakened by last year's re-organisation. Its present Secretary of State, Mrs. Barbara Castle, does seem to put some people's backs up. The impending cut in Government spending on health hangs like a black cloud over the whole service. All this is true; none of it is a good reason for the doctors' near-strike. A properly responsible BMA would see this as a time for stretching itself to the limit to build up the strength of the Health Service rather than attack its roots.

## Disputes

There are two separate disputes. The first, which is to do with the income of the junior hospital doctors, is a straightforward battle for more pay. The BMA hardly acknowledges this: its ground has shifted over time, partly because it has felt the hot breath of rival trade unions down its neck. But what it is now asking for is more money and — in spite of its protestations — it wants a sum that could be awarded only at the cost of destroying the Government's entire pay policy. This is as true of the doctors to-day as it was of the miners in February, 1974, and the Labour Government would be as wrong to give in to the doctors now as the Conservatives would have been then.

I say this as one who deeply mistrusts the political background to the present wage control policy, arranged as it has been by backroom deals between Ministers and a few trade union leaders and blessed by the acquiescence of the "Oppo-



There may be — a strong case for a political counter-attack against the kind of wheeling and dealing that has led to the policy. There is no case whatsoever for the doctors using patients as gun-fodder in any such attack.

Of course the junior doctors may not see it that way. They do not like their contract, their rate of pay, their hours of work, or the amount they get for overtime. This is understandable enough. But it has to be said in reply to their complaints that Mrs. Castle, for all her sins, has shown a willingness to make every kind of adjustment to the offered terms, including something very close to bending the pay policy, in an effort to meet the junior doctors' needs. Her latest offer (to ensure that no

Anuerin Bevan when the NHS was founded. There is little doubt that, if it had not been for this historic compromise, there might have been no NHS. The Government might at least hold back until its Royal Commission reports: it is not an unreasonable request.

On the other hand it is true that in both elections in 1974 the phasing-out of private beds was part of the winning party's manifesto. The people as a whole may not have voted consciously for the policy, but under the existing constitutional rules the Government is within its rights to put a Bill before Parliament. The BMA would be justified in lobbying and campaigning, and protesting, and even encouraging resignations from the NHS in a normal pressure-group operation designed to counteract the Bill. They have no case for supporting a work-to-rule which could have the effect of causing great suffering to innocent people, or even the death of some patients.

When he announced the setting up of the Royal Commission, on October 20, the Prime Minister spoke about "the important and continuing contribution which we expect and want private practice to make, which the Royal Commission will of course be free, if it wishes, to consider . . .". There is obviously a great deal of room for manoeuvre here. This is not to say that the BMA should capitulate on the very important matter of principle, but simply that there is a great deal of talking that can be done before it can be said that the Government's mind is closed on the matter of licensing (for which read rationing).

A moment's thought explains this. Some of those who want licensing are in reality collectivists who would abolish private

## Principle

It should also be clear to the consultants that there is a great difference in principle between excluding private beds from publicly-owned hospitals and abolishing private practice altogether. The BMA reply might be that, in country districts, the one is effectively the same as the other, since it would be uneconomic to build nursing homes to replace a handful of private beds in sparsely-populated areas. This may be true; it is probably also true that a carefully staged phase-out, with co-operation

## Letters to the Editor

### Little Neddy growing pains

Mr. A. Taylor.  
I have served on two of working groups under the cess plant working party, the recent of which is currently reaching the end of a day of the heavy fabrication industry in the U.K. and coming it with its overseas rivals. The study referred to by Peter Parker (November 28), has been undertaken by out-consultants and has been financially supported by NEDO, and industry.

Share Peter Parker's views on no other forum exists where Government, trade unions management can sit down hammer out a set of logical conclusions about the state of industry sector. I hope that our particular case we will be able to follow the Clothing Co's example and produce agreed recommendations have a good chance of implementation.

DCs must have the support active participants from the sides involved and as the ancies are identifiable it could be possible to enlist the support now that the state for soundly based local planning seems right. The EDs must be satisfied that the homework on local and sector economic sections is being carried out regularly, for this is the foundation for their work. I must confess that I read the misgivings expressed by Owen Nutt, of Associated Portland Cement on November 28, at the conference on medium scale housing in Cricton House, Wexham. He was not convinced the existing models and assumptions being used for medium term assessments were like adequate enough to have an impact on house plans.

Hope therefore that NEDO be able to give a lead here to ensure that we are dealing with pragmatic forecasts. The industry is vitally concerned how the trade cycle is, not just what the trends

mission system were abolished, they would be in a much better position to do this. Advertisers should pay agencies a fee for their services, and they could then act in the best interests of their clients by opposing media cost increases without penalising themselves. The commission system is an anachronism, and it is time that it was abolished.

Alan Macbeath,  
North Western Marketing,  
252, Borough Road,  
Birkenhead.

### Help for small businesses

From Mr. G. Shroud.  
Sir,—The point highlighted by Sir Edmund Bedingfield (November 28) is surely that so many small and family-controlled businesses have failed to realise how quickly they have become overtaken by current trends.

The increasing interaction of world prices, demand and supply of raw materials and the development of export markets are all vital questions which require to be carefully considered on a regular basis. Many of these small companies are unable to cope and, in many cases, there is an attitude of "we have got by without it before". In consequence, the management consultant team is brought in far too late.

There is, perhaps, a requirement to provide a nucleus of trained management from existing sources to provide a buffer between the small business and the difficulties it would perhaps be possible to make appointments in a non-executive capacity from those having reached retirement age and who would be willing to accept attachment to a company for two/three years. Recruitment could well come from the larger financial institutions where many senior staff have a wide sphere of contact with industry and above all, people.

Gordon C. Shroud,  
16, Vereker Drive,  
Surrey-on-Thames, Middx.

### Local authority spending

From Mr. D. Bridgehouse.  
Sir,—Over 90 per cent. of local authority expenditure is in respect of services which the council is strictly obliged by parliament to carry out, under legal penalties, and, nowadays, the other penalty of being barred and insulted in the Press. In the last few years Parliament has trebled the new services and the standards required in the older ones. MPs have MP's have the lonely point "or whatever". At that point, 60 unpaid councillors and several hundred grossly over-worked people in the welfare department have yet a new job to do, with little or no new staff, no instructions, no capital equipment or whatever. Simply ask someone on your staff to cost implementation of consumer protection legislation, at the level where it is enforced, that is, environmental health service.

The largest part of expenditure is wages and salaries. The council, of course, has no control whatever over the levels of salary it must pay; all of that is dealt with by various national bodies such as the Whitley Council; when the "award" comes up, you pass it, even if it makes a total nonsense of all your budgeting. The next item in importance is interest on your capital projects. If you do not have a vast capital pro-

gramme, you are hopelessly reactionary. If you do, interest rates vary at a pace to make your treasurer's computer dizzy. Inflation has merely brought this nonsense to a new pitch.

So far as control is concerned, it is equally hypocritical to say that control could not be carried out. The French Ministry of Finance could tell you within 20 minutes what was being spent on any given item in any one of the 37,708 communes. Great George St has infinitely fewer people to deal with, especially since "reform". LA accounts are extremely exact and detailed and readily available along with forecasts.

The question is how much longer unpaid councillors and badly overworked LA officials are going to continue in the dual plottery of statutory and uncoated duty, and revelling.

D. P. Bridgehouse,  
10, Place Ramus,  
At-en-Provence,  
13100, France.

### Harland and Wolff

From Mr. J. Nevinson.  
Sir,—I have been in correspondence with the Department of Commerce, Belfast, about the treatment of holders of Cumulative Preference shares in Harland and Wolff, and the numerous replies received have been infuriating if not unhelpful.

On the rates of compensation (Preference 8p in the £1, Ordinary 5p) the Department assures me that this was not influenced by the Government's large holding of Ordinary stock. The choice of the short period (six months) of average market prices was made in the interests of the taxpayer.

On the arrears of dividend on the Cumulative Preference stock, the company's articles state that no dividend was payable otherwise than out of profits. No special treatment was afforded on take-over by the Government, as there had been no profits.

The assets of the company were fully charged as security for loans, and on liquidation there would have been no return to stockholders. Preference shares held no priority.

No special meeting of shareholders was called at which protests could have been made, since it was felt that this would not have solved the problems facing the company; indeed, it would have added another problem.

I feel that the facts about Harland and Wolff should be publicised in order to warn shareholders in any company—shipbuilding, aviation, motor industry, etc.—of the risks they run in retaining their shares as soon as there is any talk of nationalisation. Governments opposed in principle to private investment should hold to the new definition of a preferential creditor recorded in your issue of November 28: "The first person to be told that there is no money left." Harland and Wolff Preference shareholders were not afforded this favour.

J. L. Nevinson,  
18, Hyde Park Place, W.2.

### Life company mortgages

From the Managing Director, Alderm Ltd.  
Sir,—Following Mr. Eric Short's article "Life Company Mortgages" (November 27) which he states that he is disturbed that without profit J. R. Perrin, Director, Centre for Industrial Economic and Business Research, University of Warwick, Coventry, Warwickshire,

### Inside the AUEW

From Mr. D. Rooper.  
Sir,—The Assistant General Secretary of the Amalgamated Union of Engineering Workers (Engineering Section), Mr. Roberts, has introduced some novel thinking into the first paragraph of his letter of November 27. According to him a postal ballot is not democratic because some of the voters "do not normally take an active part in union affairs".

In his own phraseology, Mr. Roberts might just as well say that universal suffrage is not democratic because some of the voters do not normally take an active part in political affairs. The sheer arrogance of this mental leap assuming that only the active members deserve a vote is only equalled by that of the Communist Party leader in Portugal who has openly admitted that he is not interested in the will of the majority.

For some reason Left wingers wish to impose their view on everyone else and, by manipulating the rules to their own advantage, in some areas they have certainly progressed towards their goal in an alarming way, so one has to recognise the determination. But Mr. Roberts is being a trifle ridiculous when he lectures about democracy. I don't think he understands the meaning of the word.

D. R. Rooper,  
45, Queens Gate Gardens,  
S.W.7.

### Non-accountants identified

From Professor J. R. Perrin.  
Sir,—In the closing paragraph of my letter (November 27) I wrongly interpreted Professor Edward Stamp's "but they are all amateurs in accountancy, and the report shows it" as referring to all members of the Sandilands Committee, whereas it has now been pointed out to me that they are all literally referred only to the plus non-accountants on the Committee. I regret any distress caused to Professor Stamp or others by this error. My error arose from a misunderstanding. I failed to see how the words "and the Report shows it" (that is, shows "amateurs" could make sense unless "they are all" referred to the membership of the Committee as a whole, as I did not realise that the contribution to the Report of the non-accountant members could be separately identified.

## To-day's Events

**GENERAL**  
The Queen and Duke of Edinburgh attend Newspaper Society reception, Stationers' Hall, EC4.  
EEC summit meeting ends, Rome.  
President Ford continues visit to China.  
Parliamentary Labour Party begins two-day debate on devolution White Paper.  
CBI Economic Policy Committee meets, London.  
Mr. John Ryman, Labour MP for Blyth, and his agent, appear before Blyth magistrates on summonses alleging corrupt practice in declaration of election expenses in October 1974 General Election.  
West European and Japanese shipbuilders discuss overcapacity in world shipbuilding, San Francisco.  
GATT Textiles Committee meets, Geneva.  
Mr. Jeremy Thorpe, Liberal Party leader, addresses Industrial Forum on "Can Democracy meet the Challenge of Inflation".  
Barrington House, Gresham Street, EC2.  
Financial Times conference—The Private Sector in Tomorrow's Economy — ends, Copenhagen.  
Mr. Eric Varley, Industry Secretary, addresses annual meeting of London Region, National Graphical Association, House of Commons.  
Airedale Motorway inquiry resumes, Shipley, Yorkshire.  
**PARLIAMENTARY BUSINESS**  
House of Commons: Second reading of Aircraft and Shipbuilding Industries Bill. Debate on financial assistance for Alfre Herbert. Remaining stages of OECD Support Fund Bill and Moneylenders (Crown Agents) Bill.  
House of Lords: Debates on EEC energy policy strategy; conversion-trade training; educational and community service opportunities; and recreational facilities for unemployed.  
**COMPANY MEETING**  
Acorn Securities, Regis House, King William Street, EC, 2.30.  
**COMPANY RESULTS**  
Ranks Hovis McDougall. (full year).  
Standard Chartered Bank (half year).  
Swan Hunter Group (half year).  
**OFFICIAL STATISTICS**  
Sterling gold and convertible currency holdings (end-November).  
Capital issues and redemptions during November.  
**EXHIBITIONS**  
International Woodworking Industries Exhibition opens, Olympia.  
Custom Car Show opens, Olympia.  
Royal Smithfield continues, Earls Court.

# National Westminster announces the opening of two branches in Scotland.

National Westminster Bank provides the most comprehensive branch and service coverage in Western Europe of any British financial institution.

It has now opened two branches in Scotland, one in Edinburgh and one in Glasgow, to assist customers who have business interests there.

Edinburgh: 80 George Street. Manager: M V Fortune.  
Glasgow: 14 Blythswood Square. Manager: R W Seager.

# National Westminster Bank







NEW ISSUE

All of these Bonds have been sold. This announcement appears as a matter of record only.

November 7, 1975



## INDUSTRIAL MORTGAGE BANK OF FINLAND LIMITED

(Suomen Teollisuus-Hypoteekkipankki Oy)

15,000,000 European Units of Account  
9½% 1975-1983 Guaranteed Bonds

Unconditionally Guaranteed by the  
REPUBLIC OF FINLAND

Kredietbank S.A. Luxembourg

Banque Lambert - Luxembourg S.A. Banque de Paris et des Pays-Bas  
Berliner Handels- und Frankfurter Bank Crédit Commercial de France  
Kuwait Investment Company S.A.K. Merrill Lynch, Pierce, Fenner & Smith  
Privatbanken Aktieselskab Société Générale de Banque S.A.  
Kansallis-Osake-Pankki Union Bank of Finland Ltd. Bank of Helsinki Ltd.

The Bonds have been subscribed and offered for sale by

Algemeene Bank Nederland N.V. Amsterdam-Rotterdam Bank N.V. Banca Commerciale Italiana  
Bank of America International Bank Gutzwiller, Kurr, Bungeiser (Overseas) Banque Arabe et Internationale d'Investissement B.A.I.I.  
Banque Belge pour l'Industrie S.A. Banque du Benelux S.A. Banque Bruxelles Lambert S.A.  
Banque Française du Commerce Extérieur Banque Générale du Luxembourg S.A. Banque de l'Indochine et de Suez  
Banque Internationale à Luxembourg S.A. Banque Ippa S.A. Banque Louis-Dreyfus Banque Nationale de Paris  
Banque de Paris et des Pays-Bas Banque de l'Union Européenne Banque Worms H. Albert de Bary & Co. N.V. Bergen Bank  
Brown Harriman & International Banks Ltd. Christiania Bank og Kreditkasse Citicorp International Bank Commerzbank  
Compagnia Finanziaria Interbancaria S.p.A. Continental Bank S.A. Crédit Général Crédit Industriel d'Alsace et de Lorraine  
Crédit Industriel et Commercial Crédit Lyonnais Crédit du Nord et Union Parisienne Creditanstalt-Bankverein  
Dea norske Creditbank Deutsche Bank Dewas & Associés International S.C.S. Dresdner Bank  
EuroPartners Securities Corporation European Banking Company First Boston (Europe) Antony Gibbs Holdings Ltd.  
Girozentrale und Bank der österreichischen Sparkassen Hill Samuel & Co. International Marine Banking Co.  
International Securities S.A. Kathrein & Co. Kredietbank N.V. Kredietbank (Suisse) S.A.  
Kuhn, Loeb & Co. International F. van Lanschot, Bankiers Manufacturers Hanover Nederlandsche Middenstandsbank N.V.  
Norddeutsche Landesbank Girozentrale Norddeutsche Landesbank Postbank Post- och Kreditbanken, PKbanken  
Scandinavian Bank Skandinaviska Enskilda Banken Smith, Barney & Co. Société Générale Société Générale de Banque  
Svenska Handelsbanken Swiss Bank Corporation (Overseas) Union Bank S.A.L. Union de Banques Arabes et Européennes - U.B.A.E.  
Vereins- und Westbank J. Vontobel & Co. Westdeutsche Landesbank Girozentrale Williams, Glyn & Co. Wood Gundy

### COMPANY NEWS

## Chaddesley valuations

The current year's policy of the directors of Chaddesley Investments is one of "utmost caution and economy," chairman Mr. J. M. Flint tells members in his annual statement.

Urgent consideration continues to be given to reduce the interest burden still further by the sale of low-yielding properties, and overseas expenses are being cut wherever possible.

The chairman says the future for small property companies is "still not particularly encouraging." We must and we will eliminate the trading loss which has been a drain on the group's resources in the past two years and when this has been achieved we can view the future with more confidence.

As reported on November 20 the group loss before tax and extraordinary items totalled £138,425 (£11,998) for the year to March 31, 1975.

The directors have again reviewed valuations of the group's investment properties in the light of the present depressed conditions in the property market.

Having reduced the value of properties which have been sold subsequent to March 31, 1975 to the net proceeds of sale, they have concluded that, in total, there was no material difference at March 31, 1975 between balance sheet values and current market values on a basis assuming a willing buyer and a willing seller.

They have recently made an assessment of the value of group properties on the basis of a forced sale. This indicates a total value of investment properties of £833,000 compared with Balance Sheet values of £860,882 but it is not considered appropriate to incorporate this assessment in the accounts. The auditors say they are unable to express an opinion on these valuations.

Group indebtedness to its principal bankers has been considerably reduced as a result of property realisations since March 31, and assurances have been received that continued financial support at the reduced level will be available until November, 1976, when the principal bankers will review the position.

In the directors' opinion this level of support is adequate for the group's requirements.

At October 31, 1975 First National Developments held 1,110,703 shares in the group and Kenley Investment Trust (in liquidation) held 430,000.

Meeting, Winchester House, E.C., on December 23 at 10 a.m.

**Wolverhampton Die-Casting modernisation**

Mr. A. M. Wheeler, chairman of Wolverhampton Die Casting Group told the annual meeting that the directors would continue with the plant modernisation programme to take advantage of any

new situation whenever it came.

He said that, in company with many other industries in the engineering sector, the group was trading profitably following adjustments in costs to meet the lower level of activity.

While there were gloomy forecasts about the U.K. economy, there were signs that the initial de-stocking period might be nearly over and the recession beginning to bottom out, Mr. Wheeler added.

Through Carlton Investments, Gardiner is a member of the Merchant Securities group.

Figures for 1975 exclude the turnover and profit contribution from Gardiner Refrigeration and Air Conditioning.

Turnover 4,522,000 4,357,000  
Interest paid 75,127 100,242  
Less before tax 75,127 100,242  
Tax receivable 33,000 33,000  
Minorities — 9,136  
Attrib. profit 25,965 73,698

First half 1975 1976

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## TESCO

Turnover up by £44 million to  
£265,000,000  
Net profit before tax up to  
£9,381,000

The Chairman of Tesco Stores (Holdings) Limited, Mr. Leslie Porter, reports on the unaudited results of the Group for the 24 weeks ended 9th August 1975.

	24 weeks to the 9th August 1975	24 weeks to the 10th August 1974	% change
Turnover including VAT	264,626	220,393	+20.07%
VAT	7,133	5,972	
Net Profit Before Tax	9,381	8,362	+12.18%
including interest	(3,54%)	(3,90%)	
Net Margin			
Interest receivable			
less payable	800	383	
Taxation (52%)	4,878	4,348	
Net Profit After Tax	4,503	4,014	
Dividend	1,818	1,682	
Dividend per share	(0.5750p)	(0.5388p)	
Retained Earnings	2,685	2,332	
Earnings per share	(1.43p)	(1.29p)	

**Tesco profits lift in first half**  
Tesco profits rose 12.18 per cent during the 24 weeks to 9th August, 1975 from £8,362,000 to £9,381,000, despite substantial increases in costs.

As a result of savings made during last year, increased wages have been a major factor. In other areas strenuous efforts continue to be made to combat the increasing costs of operating the Group.

Gross margins have declined as a result of the Company's policy of keeping prices down to maximise turnover and also as a result of the Government's price control legislation.

**Store Development**  
Our development programme is on schedule. By February 1976 we will have increased our sales area both from new store openings and extension of existing stores by almost 600,000 sq. ft. Only five of these stores were opened by 9th August, 1975, the remainder being scheduled to open during the second half of the year including 17 at 72,400 sq. ft.

**Current Trading and Future Development**  
Current turnover trends are encouraging and all indications point to a satisfactory period of trading through to Christmas. Our promotional efforts, especially in Home 'n' Wear, have proved highly successful and we are greatly encouraged by the results achieved.

Trends indicate that the profitability for the second half of the year will be materially higher than in the period under review.

**Dividend**  
The Board have declared an interim dividend of 0.5750p per share (0.5388p) which will be paid to shareholders on the register of members at the close of business on 6th January, 1976 and will be posted on 1st March, 1976.

**TESCO STORES (HOLDINGS) LIMITED**  
Tesco House, P.O. Box 18, Delamare Road, Chesham, Herts. EN8 5SL.

Annual Statement—Contd.

## SECOND BROADMOUNT TRUST LIMITED

### PROGRESS MAINTAINED

The Chairman, Mr. E. B. Montesole, J.P., at the meeting held recently, said:

We have had a satisfactory but difficult year and net profits have risen from £99,001 to £101,539, over last year. The dividend The detailed valuation at the 15th September, 1975, amounted to £2,855,765. Giving effect to this, each ordinary share is represented by 26.7p of assets. Approximately 90% of our investments are equities in the United Kingdom and the Commonwealth. The report and accounts were adopted.

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## We've had 164 years of practice in doing business overseas.

Since Bowring first began to trade in St. John's, Newfoundland, over a century and a half ago, the world has been our market place.

The Group's constituent companies and subsidiary and associate companies can provide business and commerce with on-the-spot service in almost all the world's major areas of economic growth. In other parts of the world, active representation by correspondents has behind it the support of The Bowring Group.

This sense of global business strategy results in a giant inflow of funds to this country and is part of the reason why Bowring is one of the country's leaders in invisible earnings.

For the customers of the Group, it has the benefit of providing an unrivalled service. In the fields of insurance and reinsurance broking, insurance underwriting, credit finance and leasing through Bowmaker Ltd., merchant banking through Singer & Friedlander Ltd., shipping, trading and

engineering, The Bowring Group can offer facilities which extend throughout the United Kingdom and right across the world.

## Bowring

C. T. Bowring & Co. Limited  
The Bowring Building, Tower Place, London EC3P 3BE  
Telephone: 01-283 3100 Telex: 888321

New York at the end of last century when Bowring was expanding its operations in North America.





## COMPANY NEWS

## Birmid Qualcast needs more for investment

THE EXTENT of future investment is largely influenced by the adequacy of otherwise of profits, stresses Mr. R. Leigh-Pemberton, chairman of Birmid Qualcast. And removal of price controls coupled with more advanced thinking on corporate taxation policies would further enhance the group's confidence and ability to invest for the future, he says. He points out that from profits of last year only £2.6m. was left to be ploughed back into the business. And in relation to capital equipment costs, for a group of BQ's size this is "inadequate."

Inflationary pressures have forced the group to halt the cash outflow and to start generating again the cash which is "so vital." Cash generated from retained profits, aided by stock appreciation, tax relief and a reduction in working capital levels in real terms, was nevertheless insufficient to support the originally envisaged expenditure programme on fixed assets, and expenditure was restricted to £4.5m.

On prospects the chairman reports that current demand is rather slack and competitive conditions have overtaken price controls as a profit depressant.

He anticipates that the current year's results will be reasonable, recognising that attainment of profits in line with 1974-75 would, in the "mediated circumstances, be difficult."

It would be unrealistic not to recognise the importance of the future for the foundation of the business. Great difficulties are anticipated in selling to normal capacity this year, but the group

## BOARD MEETINGS

The following companies have notified dates of Board meetings in the stock exchange. Such meetings are usually held for the purpose of considering dividends, official indications are not available whether dividends concerned are interim or final, and the sub-divisions shown below are based mainly on last year's timetable.

**TODAY**  
Interim—Aberdeen Investments, Adair & Son (Huntley), British Broadcasting, Churchbury Estates, Kwik-Fit (Tyres and Exhausts), LCP, Parkland Textile, Soma Group, Standard Chartered Bank, Swan Hunter, Tocalenti, Flams-Dunlop and London Investment Trust, Lonsdowne, Petroco, Phoenix Mining and Finance, Rank's Hotels, McDonalds.

**FUTURE DATES**  
Interim: Armitage Shanks, Dec. 3; Graham Wood Steel, Dec. 11; Jackson's Bookers, Dec. 17; James H. C., Dec. 8; Property Holdings and Int. Tr., Dec. 16; Scotcon, Dec. 9; Wapiti Industrial, Dec. 3; Flams, Dec. 15; Carvans International, Dec. 15; Savis, Frederick W.J., Dec. 18; Growth Proprietary Mines, Dec. 12; Soma Group, Dec. 10; Manufacturing Agency and Music, Dec. 8; Marvale Consolidated Mines, Dec. 12; Harley, Dec. 16.

There is good reason for confidence in the longer term. On the heating side (Potterton) the adverse economic and unemployment situation is unlikely to be conducive to full recovery, but the order book has justified full-time working to date. The chairman expresses confidence that this division has now reached a stable base which will enable future demands to be met with eventual permanent benefits to the group.

On the plastics side (degree of rationalisation and reorganisation) is taking place, and there is a continued programme of investment in highly sophisticated injection moulding plant. The engineering products group is predominantly connected with the manufacture of capital investment equipment, where customer demand is very depressed.

In the year ended August 2, 1975 group turnover came to £161.4m. (£120.8m.) and taxable profit was £10.7m. (£7.5m.), as reported on November 8 with the 3.52p (3.4p) net total dividend. Having taken professional advice the directors are of the opinion that U.K. land and buildings had a market value of some £10m. in excess of book value at August 2 last.

Meeting, Birmingham, December 19, at noon.

The 25 per cent VAT on powered lawn mowers has retarded slightly their sales potential, but it is hoped to sustain last year's performance. In household products, future growth in employment opportunities cannot reasonably be expected until construction industry activity improves measurably.

Referring to the wrought and engineering products section, Mr. Leigh-Pemberton says at present there are no signs of an upturn in demand for the aluminium market as a whole, although the group's own strategy will ensure continuation of its position as a leader in the specialist sector.

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## Twinlock loss half way

IN THE half year ended August 2, 1975 Twinlock, whose activity is within the office equipment and systems market, maintained its turnover at levels comparable to the previous year, but due to inflationary cost increases and abnormal expenses (including redundancy) of £137,000, a net loss, before tax, of £233,000 has been incurred. Profitability has been eroded by a "sudden and severe" drop in U.K. product demand. Nevertheless, new markets are being explored, particularly overseas, and exports have again shown a sharp increase, says the chairman, Mr. Robert Hutton.

The directors are continuing to implement their plans, which include maximising the benefits of the Shannon amalgamation although these are taking longer to realise in the current business situation. Interest charges increased to 5.8 per cent of sales because of the extra borrowing needed to finance the purchase of the Shannon, and the rationalisation of factories.

Canonbury was closed in July and the plant moved to Didcot. Kildgrove closed in September and the New Malden factory is being phased out with production moving to Sheerness, Beckenham, and Crewe. This will involve redundancies but future savings will be considerable.

Mr. Hutton says that by squeezing overheads and reducing manufacturing levels, the company has started a profit improvement programme which will yield a "significant" cost reduction in the second half.

"We are slimming our enlarged

group so that we will emerge from this depression lean and well placed to take advantage of the next business upswing. The current year will be viewed in retrospect as one of considerable achievement by the group in very difficult conditions."

Several new products have been introduced in the last few months, including a range of Multi-Stor cupboards, conference charts and visible record units. All these products are significant, are selling well and should have a long life cycle.

As an indication of the Board's continued confidence in the future, an interim dividend is declared of 0.25p, the permitted maximum.

First half results are shown in the table. The 1975 figures include The Shannon group and comparisons have not been adjusted.

First half Year

1975 1974 1973-74

Sales 9,337 8,383 14,914

Less before tax 222 288 1,431

Tax recoverable 107 124 192

Minorities 3 7 13

Attributable loss 115 175 129

\* Profit + Charges.

## S. Osborn lifts net dividend to 3.2p

PROFITS, BEFORE taxation and extraordinary items, of the Samuel Osborn and Co. group of makers of special steels and engineers' tools, amounted to £2,924,000 for the year to September 26, 1975, compared with £2,825,000 in 1973-74. At half way, the figure was up from £1,420,000 to £1,549,000. After heavier taxation, and higher minority interests, earnings per 25p share are shown to have dropped from 17.3p to 13.9p—or fully diluted from 13.3p to 12.4p.

In view of the results, the final dividend is lifted to 3.2p per share, raising the year's net total from 23.12p to 3.2p.

Commenting on the results the directors say they show a continuation of the marked recovery of last year (the taxable balance for 1972-73 was £50.6m.) and have been achieved in a period depressed later by a substantial drop in demand for steel.

Moreover, they are almost entirely unsupported by realised profits arising from fluctuations in alloy prices, whereas last year some 25 per cent of group trading profit arose from this source.

The result demonstrates that the group has now fully overcome the problems of reorganisation and re-siting of steel-rolling and finishing at Ecclefield, the directors add.

Some 58 per cent of trading profit, and a somewhat lower proportion of net attributable profit, have been earned overseas. Notwithstanding the devaluation of the South African Rand a few days before the financial year-end, this is the first year that the overseas subsidiary companies have produced trading profits in excess of £2m, the directors point out.

1974-75 1973-74

1975 1974 1973-74

Sales 28,739 23,983

Trading profit 3,429 3,424

Finance income 198 1,351

Tools 427 453

Overseas and trading 2,010 1,637

Share of associates 164 87

Interest receivable 3,627 3,498

Interest payable 703 635

Finance profit 2,924 2,825

Taxation 1,193 823

Net profit 1,731 1,992

Extraordinary dividend 429 251

Attributable 1,302 1,741

Retained 1,063 1,239

See Lex

Federated Chemical

Federated Chemical Holdings

announces that as from January 1, 1976 the activities of its two principal U.K. operating subsidiaries, R. W. Greff and Co., and Kingsley and Keith Chemical Group will be merged.

The new unit will be named: R. W. Greff and Co. Chemical Group and will have three operating subsidiaries—K. and K. Greff Industrial Chemicals, K. and K. Greff Fine Chemicals and K. and K. (International) Trading.

British Industrial

British Industrial Holdings

Intends to announce an unconditional tender for its outstanding 8 per cent, unsecured loan stock 1967-72.

Terms for every £100 nominal of stock are 586 in cash or £100 nominal of Treasury stock 81 per cent 1967-90.

Gen. Ceylon in profit

A turnaround from a loss £1,907 to a pre-tax profit of £30,070 is announced by General Ceylon

RECENT ISSUES

EQUITIES

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## INTERNATIONAL COMPANY NEWS + EURO MARKETS

## Opposition to SGI plans

By Anthony Robinson

ROME, Dec. 1.

SOCIETA GENERALE Immobiliare (SGI), Italy's largest private property group which was formerly controlled by Financiere Michele Sindona, is currently trying to negotiate a massive refinancing operation to consolidate the bulk of its 1,100bn. short term debt on a highly controversial preferential basis.

The company attributes the bulk of its debts to higher than expected losses which have emerged from the commodities and exchange market speculation which took place under the previous Sindona management. At the same time two Italian magistrates charged with the task of investigating Sindona's affairs have just returned from a week in the United States after consultations with their U.S. judicial counterparts. The Italian authorities are seeking the extradition of Mr. Sindona and are investigating the allegedly fraudulent activities of various Sindona companies and particularly the Fasco AG holding company.

Immobiliare is currently negotiating with a consortium of Italian banks, including its major creditor, the Banco di Roma, for consolidation of its short-term debts for a 10-year period at a preferential interest rate of 1 per cent, above the official discount rate, currently 6 per cent, compared with the present prime rate which is around 12 per cent. At the same time SGI is also seeking a two-year interest rate moratorium on its debt followed by a further year in which it will pay only interest with full interest and capital repayment starting only in 1978. If agreement is reached on this it hopes to obtain at least 1,300bn. from the special credit institute ICIPU in order to press ahead with its housing and construction programme which calls for the investment of 1,500bn. in 1976 and 1,650bn. in 1977.

But SGI faces considerable political and banking opposition to this plan which is feared, if accepted, will lead to an avalanche of similar claims from the many other Italian companies overburdened by interest and loan repayments on their heavy short-term debt.

The controlling packet of SGI shares was deposited with the Banco di Roma last year by Mr. Sindona as collateral for a 1,535bn. six-month loan which was not redeemed. This packet was then sold to a group of nine building contractors who currently control the company.

## Dr. Carli joins First Boston

By Mary Campbell

DR. GUIDO CARLI, until recently Governor of the Bank of Italy, has joined First Boston Corp. as a consultant on a full time basis. Although continuing to live in Italy, he will have offices with First Boston both in London and New York.

First Boston said yesterday that this is the only position of its kind in the company. Dr. Carli's function will be to give advice on international finance to governments and multinational corporations who are customers of First Boston. He will be available to advise them, for example, on how to ease domestic monetary problems, on possible solutions to their balance of payments problems, as well as on structuring their external debt.

## Better margins for Japan's long-term credit banks

By Peter Duminy

TOKYO, Dec. 1

JAPAN'S three long-term credit banks have reported current profit and earnings increases for the April-September period averaging more than 10 per cent, compared with the corresponding months of last year and more than 15 per cent, compared with October-March session. The general picture shows improved profitability in relation to both funds employed and trading revenues, but there is no guarantee that this will be maintained in the current six months.

It looks as if results were improved by two key factors, of which the most important was the generally receptive market for institutional paper during the six-month period. These banks raise most of their funds (70 per cent, in the case of the Industrial Bank of Japan) from debenture issues, of which one-fifth or more are placed by the securities companies.

Most of the boost to profits came not in observable interest rate differentials, but (on the fundraising side) rather because it proved unnecessary for the banks to hand over the usual substantial sums for "market promotion" money that goes to the securities industry when the banks' paper is hard to place. This market situation is now becoming less favourable in view of sharply increased calls on the capital market by the central government, local authorities and public corporations.

The second factor operated on the lending side. These banks are favoured by a significant time lag when interest rates are trending lower. This is not yet exhausted and should influence results again at the end of March.

IBJ, biggest of the three long-term credit banks, reports half-year earnings of 826.8m., about

8 per cent, higher than a year ago, after declaring 850m. pre-tax (and before special items), an increase of 2.5 per cent. These improvements are well below average, possibly reflecting the fact that IBJ's funds are not as closely matched as its competitors.

It tends to borrow short to lend long, and the average life of its loans is believed to be around 5-6 years, against three years for its available funds. This is not necessarily an unprofitable combination, but does mean that profits may rise and fall in a cycle different from the other banks.

Nippon Fudosen reports earnings of 817.1m., up 28 per cent, after pre-tax profits of 843.8m., up 36 per cent. The long-term credit bank earned 830m., up 10 per cent, though pre-tax profits were only 4 per cent, higher than a year ago at 855.5m.

## Dresdner Bank expecting hefty increase in profits

By Guy Hawtin

FRANKFURT, Dec. 1

DRESDNER BANK, West Germany's second largest commercial bank, is expecting a hefty increase in profits for 1975. Herr Juergen Ponto, the bank's chief executive, forecast that they would be up by about a third on the previous year.

This was not wholly unexpected, as the West German banks have been doing very well this year in contrast to the rest of the industry. At the current year's half-way stage, Dresdner's profits were up 20 per cent, on the previous year — itself a profitable one.

In an interim report on the first ten months of the year, Herr Ponto announced that it was projected to make the bank's dividend from 15 per cent, to 20 per cent, or from DM9 to DM10 per DM50 nominal share.

The results were achieved despite weak credit demand from industry and declining interest margins. But Herr Ponto seems reasonably satisfied with the outcome despite his comment that "the trees have not yet reached the sky."

Herr Ponto also enlarged on the bank's plans to increase its capital in the near future. Although he gave no indication of the size of the increase, he said it was intended that the shares should be offered on individual European bourses. Some 15 per cent, of the bank's 2,670,000 nominal capital is currently held by foreign investors. No news was given of the price at which the new shares would be offered, although today Dresdner shares closed 50 pfennig up at DM382 on the Frankfurt stock exchange.

The interim report showed a near-10 per cent, increase in the bank's credit volume since the start of the year. Between December 31 and October 31 it rose from DM30.5bn. to DM33.4bn. A breakdown of credit figures shows credit to other banks up from DM1.7bn. to DM2.0bn., guarantees up from DM6.0bn. to DM6.8bn., and exchange credit up from DM3.2bn. to DM3.3bn. There was a decline in bank credit from DM19.4bn. to DM19.3bn., of which some DM11.6bn. was short term, against DM12.6bn. last year.

In common with many other West German banks, Dresdner reported a massive rise in savings during the course of the year. Customers deposits went up from DM28.95bn. at the beginning of the year to very nearly DM29bn. Of this savings accounted for DM11.33bn., an increase of 15 per cent, on savings deposits of DM9.81bn. at the beginning of the year.

Savings certificates also found greatly increased popularity. Purchases totalled DM482m.,

## Bayerische Vereinsbank set for good 1975

By Guy Hawtin

FRANKFURT, Dec. 1

BAYERISCHE Vereinsbank seems set to report a satisfactory year of operation for 1975. At the end of October, savings deposits, including accrued interest, amounted to DM5.3bn., 16.6 per cent, up on the 1974 year-end figure. Total savings volume — deposits and certificates — increased to well over the DM6bn. mark.

Credit demand improved somewhat in the latter half of the year. At the end of the 10-month period credit volume stood at DM5.9bn., about the same as at the end of last year. At the halfway point of 1975, credit was DM2.0bn., down on the December 31 total.

The bank's salaries and wage bill amounted to DM240.8m., some 10 per cent, more than in the same period of the previous year. This rise was largely a result of a 6.5 per cent, all-round pay increase in March this year. During the year the bank's workforce increased slightly to 9,181 in 1975, a slight downward trend

had been noticed. On the banking side, there had been a heavy rise in savings. By the end of October, savings deposits, including accrued interest, amounted to DM5.3bn., 16.6 per cent, up on the 1974 year-end figure. Total savings volume — deposits and certificates — increased to well over the DM6bn. mark.

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had been noticed. On the banking side, there had been a heavy rise in savings. By the end of October, savings deposits, including accrued interest, amounted to DM5.3bn., 16.6 per cent, up on the 1974 year-end figure. Total savings volume — deposits and certificates — increased to well over the DM6bn. mark.

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## Sulzer expects good results

By John Wicks

ZURICH, Dec. 1.

THE SWISS engineering concern Sulzer Brothers of Winterthur expects satisfactory financial results for the present year. In its works magazine, the company states that business is currently good on the whole, with the exception of some product groups, and that the group should remain competitive in export markets despite more difficult conditions.

For the first nine months of 1975, however, it was not possible to attain turnover targets in all sectors of activity, while the consolidated group order-book by the end of September was only Sw.Fr.2.5bn. in comparison with the 1974 level of Sw.Fr.3.7bn. for the same period of 1974. Orders on hand also showed a decline on last year's levels, owing to the good flow of orders in past years, though sales for the first nine months of the year for the group were up on those for January-September, 1974.

In a breakdown into major product groups, Sulzer states that new orders for weaving machinery have been at a satisfactory level despite the situation in the textile industry, with substantial orders placed by customers in the U.S. and the Middle East. Difficulties continued in rotary knitting machines but sales expanded somewhat.

Turnover fell for marine diesel engines, due to a drop in shipbuilding orders; demand improved for stationary diesel engines for energy production, particularly on the part of Middle Eastern and African buyers. In the boiler and nuclear-energy plant product group, orders developed very well for medium-pressure boilers, regulators and armatures, but difficulties were experienced in the export of large-scale boiler units. There were delays too in the realisation of Swiss nuclear-energy projects, which had a deleterious effect on business.

Demand for compressors and process-engineering equipment has been lively and good order volume is expected for 1975 as a whole. The pumps division exceeded sales targets, with demand continuing good. The group is having difficulties with profitability in the fields of heat-exchange air conditioning and sanitary installations and hydraulic machinery, however, while orders for paper machinery have suffered from the deterioration in paper industry business, particularly in Western Europe.

## Boliden now hoping to break even

By John Walker

STOCKHOLM, Dec. 1.

BOLIDEN, the Swedish mining and minerals concern, has forecast in its nine-month report that group turnover for 1975 will amount to Kr.2.4bn. (E266m.), compared with Kr.2.5bn. for 1974. In the first nine months of 1975, turnover was Kr.1.8bn., compared with Kr.1.9bn. in the same period in 1974.

The hoped-for pickup in the second half of this year has not materialised. At the end of the nine months to September 30, group turnover amounted to Kr.1.8bn., compared with Kr.1.9bn. in the same period in 1974.

Last year's record profits showed that adjusted net earnings amounted to Kr.48 per share. The forecast made in the spring for this year was for a reduction to Kr.14 per share. This figure was again revised downwards at the halfway mark to Kr.4 per share. It is now forecast that there will be a deficit of Kr.2 per share.

In the spring the company announced it was postponing some of its plans for capital investment. Some of the main reasons for the lower performance are the continued downturn in metal prices on world markets and the continued rise in costs. It is estimated that the rise in costs this year is likely to be about Kr.1.00m. and a similar increase is forecast in 1976.

## Campbell's coming ends Winns takeover battle

By James FORTH

SYDNEY, Dec. 1

THE FOUR-MONTH long takeover battle for New South Wales retail group Winns has ended. The chairman of Winns, Mr. C. S. Hawthorne, announced at the annual meeting that another NSW retail group, Campbell's Corporation, was to buy control of the company from Winthrop Investments and Burns Philp. Winthrop launched a bid for Winns after the retailer attempted to head it off by buying six retail stores from Burns Philp. As part of the deal Burns Philp was to obtain an 8.6 per cent interest in Winns.

Both Burns Philp and Winthrop bought it out on the market and Winthrop ended up with a 23 per cent holding to Burns Philp's 18 per cent.

At the same time Winthrop took the matter to court and successfully obtained an injunction blocking Winns from going ahead with the Burns Philp deal. The deadlock parties then began looking at ways of resolving the impasse. At one stage a leading retailer, Waltons, was interested in making a bid, but the talks broke down.

Campbell's will obtain a 46

per cent holding in Winns but does not intend to bid for the remainder of the capital. It will also buy four of the stores which Burns Philp offered to Winns. At the same time Winns will buy some of Campbell's stores, which of course, will still remain under its control.

The terms of Campbell's acquisition have not been announced but presumably the Winthrop and Burns Philp will make a profit.

Winns will take in ten stores to give it a total of 20 outlets. Its turnover is expected to rise from around \$22m. to more than \$40m. a year. Waltons is expected to be the remaining two stores in the Burns Philp, thus rounding off the picture.

## Pretoria may bid for Cape Portland rump

JOHANNESBURG, Dec. 1

CAPE PORTLAND Cement and Pretoria Portland Cement are holding talks which may lead to a proposal whereby Cape Portland will become wholly owned by Pretoria Portland Cement.

The Johannesburg Stock Exchange agreed that the listing of the issued fully paid shares of CPC and PPC be suspended prior to further details. Barclays Bank is also involved in the transaction.

Pretoria Portland Cement has 87.5 per cent of the issued share capital of the company. Ordinary R2 shares are 22c. PPC was last quoted at 2c. and CPC at 21c. The JSE, in London, the Stock Exchange said that it temporarily suspended the listing of Pretoria Portland and the Company request, pending a further announcement. Reuter

## Euroclear to move into registered gold shares

By John Wicks

ZURICH, Dec. 1

THE EUROCLEAR Clearance System, of London, whose executive secretary's office is based in Zurich, has announced the introduction of a service for settling trades in registered South African gold mining shares. The new service, claimed to be the first attempt of any international clearing system to serve a major international market in registered equity shares, will be a pilot project, subject to further development "as the requirements of the market place make themselves felt."

At the outset Euroclear will accept deposits via depositary banks—Morgan Guaranty in London and New York and Barclays National in Johannesburg—whereby it is hoped subsequently to expand the service to permit deposit and withdrawal of securities in other centres, particularly in Europe.

There is an entry fee into the Euroclear gold shares handling service. Clearances cost \$15 each, collections of dividend and safe custody one cent per share and deliveries out of Euroclear \$15 per 1,000 shares. For payments of volume discounts, transactions in Euroclears via Euroclear are taken into account.

BP (Schweiz) AG, of Zurich, is to issue a public loan of Sw. Fr.80m. on the Swiss capital market from December 9 to 12. The loan, details of which will be published later this week, will be handled by the Swiss Credit Bank. According to banking circles, financial charges already repre-

sent the same amount by means of a private placement of notes handled by the Union Bank of Switzerland as issue leader. It is understood that Sw.Fr.40m. of this private placement was used for repayment of a previous borrowing. In comparison, all of BP (Schweiz) AG's Sw. Fr.80m. will be new money.

The Trans-Austria gasline finance company is reported to have signed an agreement in Geneva with a group of Swiss banks for the floating of a

Sws.Fr.50m. loan. The Swiss loan has an 8 per cent coupon. Trans-Austria is owned 91 per cent by the Italian ENI and 8 per cent by the Austrian State Oil Corporation OMV. The amount of the unit account issue by the Trans-Austria has been raised from U/a 20m. to U/a 30m. The manager Kreditbank said yesterday. The coupon will be 9 per cent, and the offering price is New offer by Sime Darby is unconverted bonds outstanding from its convertible bond issue. 1973. See page 21 and Lex.

## Rhone Poulenc delays 1976 investment decision

PARIS, Dec. 1

THE RHONE Poulenc President, Renaud Gillet said a decision on 1976 investments had been put off until March next year, following a sharp cutback in 1975 investments.

M. Gillet gave no figures, but at the end of September, the group said investments in the current year had been cut by some 20 per cent, from the 1974 figure of Frs.2.4bn.

The impact of the government's September economy recovery plans should be felt by then, Gillet said. But group sales this year should only reach Frs.18bn. (Frs.20.3bn.) — a slower rate of increase than financial charges already repre-

sent 4.5 per cent, of sales. The group has had no difficulty in finding lenders. M. Gillet added that the title division, although still without a hit, had shown a recovery during October. The recovery activity was only 65 per cent, of capacity and not had fallen by 25 per cent. He added that worldwide competition had affected the group with the U.S. having the greatest penetration in the synthetic fibres market, due to a weak dollar and the fact that U.S. domestic crude oil is cheaper than French crude. Reuter

## Stable earnings at Hudson's Bay

FINANCIAL TIMES REPORTER

THE HUDSON'S Bay Company has announced that net earnings for the nine months ended October 31, 1975 were \$7.5m. (54 cents per share), as against \$7.83m. (55 cents per share) for the comparable period last year. Retail, wholesale, fur, natural Lower merchandise profits and resources and real estate all higher finance costs were largely offset by improved earnings in Sales and revenue for the third quarter increased 13.2 per cent. Sales and revenue for the nine months increased 16.3 per cent, in the first half.

The company said that uncertainties in the short-term economic climate, the wage and price control programme, and the continuing postal strike made more than usually difficult forecast results for the fourth quarter.

The 1974 figures have been restated to include the Hudson Bay Oil and Gas dividend on a quarterly basis.

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## JAPAN INTERNATIONAL BANK LIMITED

Shareholders:  
Fujitsu Bank,  
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Sumitomo Bank,  
Tokai Bank,  
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Nikko Securities  
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## SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Offer	CONVERTIBLES	Offer
American Express 1985	102	American Express 4 1/2% '87	92
Amstar 1987	99	Amstar 4 1/2% '88	90
Amstar 1987	99	Amstar 4 1/2% '89	90
Amstar 1987	99	Amstar 4 1/2% '90	90
Amstar 1987	99	Amstar 4 1/2% '91	90
Amstar 1987	99	Amstar 4 1/2% '92	90
Amstar 1987	99	Amstar 4 1/2% '93	90
Amstar 1987	99	Amstar 4 1/2% '94	90
Amstar 1987	99	Amstar 4 1/2% '95	90
Amstar 1987	99	Amstar 4 1/2% '96	90
Amstar 1987	99	Amstar 4 1/2% '97	90
Amstar 1987	99	Amstar 4 1/2% '98	90
Amstar 1987	99	Amstar 4 1/2% '99	90
Amstar 1987	99	Amstar 4 1/2% '00	90
Amstar 1987	99	Amstar 4 1/2% '01	90
Amstar 1987	99	Amstar 4 1/2% '02	90
Amstar 1987	99	Amstar 4 1/2% '03	90
Amstar 1987	99	Amstar 4 1/2% '04	90
Amstar 1987	99	Amstar 4 1/2% '05	90
Amstar 1987	99	Amstar 4 1/2% '06	90
Amstar 1987	99	Amstar 4 1/2% '07	90
Amstar 1987	99	Amstar 4 1/2% '08	90
Amstar 1987	99	Amstar 4 1/2% '09	90
Amstar 1987	99	Amstar 4 1/2% '10	90
Amstar 1987	99	Amstar 4 1/2% '11	90
Amstar 1987	99	Amstar 4 1/2% '12	90
Amstar 1987	99	Amstar 4 1/2% '13	90
Amstar 1987	99	Amstar 4 1/2% '14	90
Amstar 1987	99	Amstar 4 1/2% '15	90
Amstar 1987	99	Amstar 4 1/2% '16	90
Amstar 1987	99	Amstar 4 1/2% '17	90
Amstar 1987	99	Amstar 4 1/2% '18	90
Amstar 1987	99	Amstar 4 1/2% '19	90
Amstar 1987	99	Amstar 4 1/2% '20	90
Amstar 1987	99	Amstar 4 1/2% '21	90
Amstar 1987	99	Amstar 4 1/2% '22	90
Amstar 1987	99	Amstar 4 1/2% '23	90
Amstar 1987	99	Amstar 4 1/2% '24	90
Amstar 1987	99	Amstar 4 1/2% '25	90
Amstar 1987	99	Amstar 4 1/2% '26	90
Amstar 1987	99	Amstar 4 1/2% '27	90
Amstar 1987	99	Amstar 4 1/2% '28	90
Amstar 1987	99	Amstar 4 1/2% '29	90
Amstar 1987	99	Amstar 4 1/2% '30	90
Amstar 1987	99	Amstar 4 1/2% '31	90
Amstar 1987	99	Amstar 4 1/2% '32	90
Amstar 1987	99	Amstar 4 1/2% '33	90
Amstar 1987	99	Amstar 4 1/2% '34	90
Amstar 1987	99	Amstar 4 1/2% '35	90
Amstar 1987	99	Amstar 4 1/2% '36	90
Amstar 1987	99	Amstar 4 1/2% '37	90
Amstar 1987	99	Amstar 4 1/2% '38	90
Amstar 1987	99	Amstar 4 1/2% '39	90
Amstar 1987	99	Amstar 4 1/2% '40	90
Amstar 1987	99	Amstar 4 1/2% '41	90
Amstar 1987	99	Amstar 4 1/2% '42	90







During last month, the Government's Job Creation Programme started under the auspices of the Manpower Services Commission. Aimed primarily at finding work for school leavers and under 18-year olds, the scheme is the first co-ordinated, countrywide attempt at job creation by a British Government. Stewart Dalby has been looking at, and working on, projects in the North East

## More than shifting sands down on the beach



Sunderland's beach clearing scheme at Seaham—good training for Corporation gardeners?

SUNDERLAND was unlucky. When its beach clearing scheme started at the end of October it was the first project in the country under the new Government Job Creation Programme. As the 25 youths in woolly hats, anoraks and large boots stumbled on to desolate Seaham beach on that blustery Monday morning, they did so with television cameras and local and national reporters in full attendance. They must have looked like a gang of football hooligans on the rampage rather than the first, well-organised work gang in a pioneer project. Inevitably, the work was superficial at first and the initial publicity dampened.

### Waste of money

"They are just shifting sand about," one reporter later said. "The wind can do that." The widely held notion that job creation tends to result in almost farcical and unnecessary schemes like digging trenches one week and filling them in the next, and that they are a waste of taxpayers' money, certainly got a boost from the Seaham scheme.

The project I joined a fortnight ago was not dissimilar to Seaham's. The aim was to clear a small tributary of the River Don, which flows into the Tyne. Known as Monkton Burn, the stream threads its way through vast fields of council houses stretching off in a drab uniformity beneath skies made filthy by the emissions of the nearby Monkton coke works. An ancient-looking plant, the coke works appears curiously toy-like from a distance with its huge conveyor wheel and wooden store house.

Monkton Burn marks the boundary between Jarrow and Hebburn, but it barely flows. Over the years it has become horribly congested with rubbish of all sorts. When I arrived that Monday, it was hideously polluted by parts of bicycles and bed springs totally covered in black grime. A team of 20 boys, all 16 or 17, were working on clearing and trying to erase the black stains along the grass banks. Apart from being an aesthetic eyesore, the stream must be a health hazard to small children playing on the council estate.

The boys were supervised by

two men of over 50, Archie and Tommy. Tommy being the "caffer," both had been on the "dole," as they still call it, for over a year and were very glad indeed of the work. It came, Tommy kept saying, "just like a bolt from the blue." It nearly doubled their income from social security, and neither felt that at his age he had any prospect of work other than under the Job Creation Scheme.

The boys had two GCE level passes between them, or said they did. Both these GCEs were claimed by one lad, and I am not sure I believed him since he changed his story a lot and used the bogus GCEs to go off for interviews, as encouraged by the JCP administrators.

The project had been going for a week, and only one boy had dropped out. The rest, given the one or two odd hangovers, had turned up more or less on time at 7.30 and worked conscientiously through until 4.30. They all felt it was a "good job," by which they meant it was well paid. With two exceptions, they had been unemployed since leaving school in the summer, picking up £6.48 a week each in unemployment benefit. Since

the policy of the Job Creation Programme is to pay the rate for the job, the 16-year olds are being paid £23 a week before tax and the 17-year olds £25. Two lads I spoke to said that, after they had given their mothers £5, they were putting £9 a week away for motorbikes.

### Pelting rain

At the start of my first day the boys were working away with wheelbarrows, spades and forks in pelting rain, moving around like blackened pit ponies. They had curiously divided into two gangs. Twelve of the boys were from Hebburn and seven from Jarrow. They had decided that, workwise at least, never the twain should meet. Archie and Tommy tried hard to mix them, but to no avail. One group worked upstream and the other downstream. When I asked one why he would not work upstream, he replied: "I'd get filled in."

Later, when the rain had stopped work, the rival groups were temporarily united on a mutual front of querulousness, sitting in the tiny metal hut, sipping steaming mugs of tea

beneath the blooming physique of the Playmate of the Month whose picture was inescapably pinned on the wall.

On Tuesday, in the nearby Prince of Wales pub, one of the 17-year olds with long, lank blond hair down to his shoulders and just the suggestion of a moustache, said that when the project finished in six months' time he wanted to get a better job.

"What's that?" I asked. "On a building site." "What doing, labouring?" "Yeah, sure." "Did he want to learn a trade?" "I suppose so." "What trade?" "I dunno." "What did his father do?" "Permanent sick." "What was wrong with him?" "I dunno." "Do you think Sunderland will go up this season?" "I dunno."

On balance, I thought that the scheme was worth doing. The South Tyneside Corporation, which has 15 other JCP schemes in the pipeline, has not done anything about Monkton Burn until now because it could not spare the funds. But the

boys were not receiving any training, either on the scheme or off, and this is a prime ambition of the JCP administrators. If they started painting or pipe-laying jobs there could be problems with the unions. It is difficult to see how the programme runners are going to get round this problem.

On the second project I looked at, there did seem possibilities for training. This was a scheme rather grandly named "archival rescue." To get to it I had to take the trickety train from Sunderland to Middlesbrough. It takes an hour to do what by road would probably be a 20-minute journey. It was an extremely scabrous ride, and I emerged at Middlesbrough station, which looks like a Scottish castle, more than a little seasick.

### Electrician

The project involves moving education records to Middlesbrough from various other centres and sorting them out. There were only three school leavers at work on it. One of them, David Bailey (16), found it boring and said he wanted to be an electrician. But both Carol Donley, with two GCE "O" level passes to her credit and Malcolm Floetham, who had five, wanted to be clerks.

The records had not been moved before because of a shortage of staff rather than a lack of finance. Carol, David and Malcolm would either be unemployed or, in two cases, not doing jobs they like were it not for Job Creation, since the local authorities, particularly the education authorities, are not taking on youngsters at the moment. They could join the National Association of Local Government Officers (NALGO) if they wanted to. So, apart from giving them a reasonable wage (around £20 a week) this scheme could perhaps lead to something for them. The weakness of it is that, with only three people, it takes as many supervisors almost to look after them.

The third scheme I looked at was the beach clearing itself. This was, in its fourth week,

and both the drop-out rate and absenteeism have been very low. The 25 originals had rotated a little with other groups, but most had been turning up regularly. Pictures of the beach before the project started showed that it had been considerably cleaned up. The group had also cleaned out the banking by the promenade and were preparing to start grassing it. Despite their pinched faces and red noses thanks to the cold and the icy winds, many of the boys seemed keen. Some said they were interested in becoming Corporation gardeners and that the beach activities were good training.

Finally, on the Friday afternoon, I attended a meeting of the Action Committee which decides whether or not to give the go-ahead to schemes. The Sunderland committee, which covers six counties in the North, has been allocated £6m. of the £30m. set aside for Job Creation by the Government and has been very quick off the mark.

The Committee, made up of local trade union officials, councillors, industrialists, and other local people, has approved 150 projects, 35 of which should be in operation by the end of next week.

The Northern area was expected to create 3,500 of the 15,000 jobs total the scheme envisages. Having so far spent about £1m, however, it has drummed up almost 1,000 jobs and so could probably manufacture a total of 6,000.

Once a fortnight, on Friday afternoons, the committee, equipped with tea and tomato rolls, goes through the mountain of applications it receives. They range from schemes to clear fishing rivers and smarten up golf clubs to more sophisticated projects involving graduates and the redecoration of routes for local fire brigades.

Some are merely pie in the sky while others have real job creating possibilities as opposed to work creating opportunities. One problem is that only one private company has so far applied. All profits made must be returned to the Manpower Services Commission (MCS), and this rather deters most private companies. Most of

the applications come from local councils. It could perhaps be argued that, rather than creating more bureaucratic tangles, another expensive scheme, it would have been better to give the cash to local authorities in the first place. The MCS pays the wages for schemes, but also contribute 10 per cent of other costs, and there have been suggestions that local authorities are simply piling up with unnecessary schemes to get their hands on more funds. The committee counters these suggestions by saying that the money had been given directly to the local authorities, it would have been spread thinly, and that few jobs, particularly for the young, would have resulted.

A more serious complaint is that, since the scheme is due to end in the spring of 1977, real training can be given. Thus it is claimed, it is of no lasting use to young people other than to put some money in their pockets for a while.

On two schemes, one a house help project, Job Creation has run into some union opposition. There has also been some criticism on the grounds that it is wrong to "employ the lad and fire the dad," as it is, although I heard very little of this in the North-East.

### Approve

Most people appear to approve of Job Creation. But if training opportunities are severely circumscribed, a general feeling is that it is not to employ young people. It was pointed out often that it was soul-destroying for kids to leave school and then get work at all. It seems to be a psychological fact that the longer people are out of work the less they feel like getting a job. If a school leaver does not work for, say, two years, or she becomes almost unemployable, according to one authority official I spoke to. In an area of traditional unemployment (12 per cent, Sunderland at the moment), people are glad of work of any kind. "Jobs work," one committee member said to me, "they are the one unifying thing in the North-East."

### APPOINTMENTS

## D. H. Somerville is Ruberoid Contracts executive

Mr. D. H. Somerville has been appointed managing director of RUBEROID CONTRACTS, a subsidiary of Ruberoid. As a director of Turriff Corporation Mr. Somerville was responsible for all building operations within the group, before becoming managing director of Y. J. Lovell (London).

Mr. John Gilbert, a director of Cadbury Typhoo and of Kardomah, is retiring from CADBURY SCHWEPPEL at the end of the year to set up his own marketing consultancy.

Mr. John H. Townsend has been appointed a non-executive director of LEAD INDUSTRIES GROUP. He is at present a director of Imperial Chemical Industries and British Titan, and returns as an ICI executive in 1976.

Mr. Frank Law has been re-appointed a part-time member of the Board of the NATIONAL FREIGHT CORPORATION for a further period of three years. Mr. Law is a director of R. Elliott and Company, and is also chairman of the Quall companies in the U.K.

Mr. Thomas Murray has been appointed a director of CEMENT-ROADSTONE HOLDINGS, Ireland. Dr. Murray was chairman of Ireland's Electricity Supply Board from 1960 until his retirement earlier this year.

Mr. Allen E. Richards has been elected senior vice-president of financial administration of AMERICAN EXPRESS. He will also become senior vice-president of the parent company's subsidiary, AMERICAN EXPRESS INTERNATIONAL BANKING CORPORATION.

Mr. E. B. Stephens has joined the Board of U.K. OPTICAL AND INDUSTRIAL HOLDINGS as a non-executive director.

Mr. Garry Gates has been appointed a director of CELTIC LIFTING SERVICES, a member of the Martin-Black Wire Rope Group.

BRITISH LEYLAND has announced the new Board of Management for ALVIS, Coventry, now a member of the Leyland Special Products Group. The Board is: Mr. D. Abell (chairman), Maj. Gen. A. G. Lewis (managing

director), Mr. G. R. Howell (commercial director), Mr. R. F. Skidmore (works director), and Mr. J. E. Wolstenholme (finance director).

Mr. A. B. Moxall has retired as chairman of the Brewery and Bottling Equipment Section of the PROCESS PLANT ASSOCIATION. Mr. D. W. White of Purdy Machinery, formerly vice-chairman, has become chairman and Mr. P. H. Merrett of T. Ghani and Son, vice-chairman.

Mr. R. C. Biffa has been appointed to the Board of RECLAMATION AND DISPOSAL, a member of the BET Group.

Mr. A. S. Hawbridge has been appointed deputy chairman of subsidiaries and director, marketing and development of the parent company, Tolmans Holdings. He is succeeded by Mr. T. W. McCann, as managing director. James Car Deliveries and subsidiaries, Mr. McCann joins the company from the post of manager, traffic and customs, Ford of Britain. Both appointments are from January 1.

Mr. J. Roderick Smith, a director and executive of Constructors John Brown, and previously secretary of that company, has been appointed secretary of the parent company, JOHN BROWN. Mr. I. M. Graham has relinquished his appointment as secretary of John Brown. Mr. Smith will continue as chairman of some JCB subsidiaries.

Mr. John W. Marks has been appointed to the Board of the BIRMINGHAM GUILD as sales director. He joined the company in May 1973, and was previously a director of Hills (Nottingham Glassworks).

WILKINSON MATCH has announced the appointment of Mr. John Decker as managing director of its pyrotechnics operation, which includes Pains-Vessex and Schermy. Mr. Decker is currently general manager of Schermy.

Mr. M. L. Veuille has today been appointed to the Board of REAUMONT PROPERTIES.

Mr. S. P. Couling, Mr. D. J. Hard-

wick and Mr. D. A. J. Stubbins are appointed full directors of STEWART WRIGHTSON (MARINE), which has been appointed full directors.

Following the acquisition of Compagnie Financière Eternit, a large part of the issued capital of the ALIAS STONE COMPANY, the following Board re-organisation of Alias Stone taken place. Mr. Bernard B. retired, being over 65 years of age. Mr. C. Vinek (Belgian) and Mr. R. Smith join the Board. Mr. Smith will be chief executive. Mr. A. C. Wood, who is due to retire in May 1976, will undertake special responsibilities relating to group restructuring and company activities.

Mr. John R. Blackwood has been appointed financial director of PERRY (HOLIDAY INSURANCE).

Mr. A. Shuter, director of general manager of Hales Oil, has been appointed general manager of the NATIONAL ASSOCIATION OF WASTE DISPOSAL CONTRACTORS.

SVBROOK ELECTRONICS, member of the Peng and group, has appointed Mr. T. J. Little as finance director and Mr. M. S. Cost financial director.

Mr. D. S. Case has been appointed managing director of LITTLE DUKE SHOEMAKERS, succeeds Mr. G. A. Dabiel.

Sir Samuel Goldmann, is to come chairman of the Council of the Market Authority on January 1, in succession to Henry Hardman, whose term office ends on December 31.

Mr. Henry Prevezzer will be joining from the Board of CHARRAS as finance director, December 31, and will be succeeded by Mr. Seymour G. M. man, previously a senior partner in Landau Morley.

Mr. R. P. Sumner has been appointed chairman of UNIPOL INTERNATIONAL, and succeeds Mr. John Friedlander who resigned for personal and business reasons. Mr. Sumner becomes chairman of Special Feed Supplements.



# Chemist heads Royal Society

BY DAVID FISHLOCK, SCIENCE EDITOR

LORD TODD, Master of Christ's College, Cambridge, and a director of Pisons, was elected president of the Royal Society yesterday in succession to Sir Alan Hodgkin, president since 1970.

Lord Todd, 68, is among the half-dozen most eminent chemists in Europe. As Sir Alexander Todd he won the Nobel Prize for Chemistry in 1957.

## Research

It was awarded for his success in analysing and synthesising nucleosides, components of the nucleus of living cells. His research laid the foundations for present-day understanding of the hereditary functions of chromosomes.

Another outstanding achievement was his synthesis of vitamin B1 in 1938, when he succeeded not only in synthesising two parts of this complex molecule, but in joining the parts together. The same year he was appointed Sir Samuel Hall Professor of Chemistry and director of the chemical laboratories at Manchester University. At the time



Lord Todd

chemistry in Manchester, despite its proximity to the chemical industry of the North-West, was at a low ebb. In the following six years Lord Todd transformed his department into one from which many of the leading figures of

British chemistry were to come.

As an eminent young organic chemist, he played an influential war-time role as a scientific adviser to the Ministry of Production, notably in development of insecticides and their associated potential for chemical warfare.

Later he developed close ties with ICI, serving with other famous academic chemists on an advisory panel helping to guide the research programme of what then was ICI's most fertile source of new ideas and talent, the research laboratories of its dyestuffs (now organics) division at Blakely, near Manchester.

## Forthright

From 1952 to 1964 Lord Todd, created a life peer in 1962, was chairman of the Advisory Council on Scientific Policy. His forthright, no-nonsense approach to science policy decisions led disgruntled physicists to rename the council the Association of Chemists for the Support of Physics. But his ability, once convinced himself, to persuade other people that they should adopt a cer-

tain course of action is perhaps unrivalled among chemists.

He also made known his scepticism of the usefulness of the major expansion of university education in Britain recommended by the Robbins Report of 1963; but as chairman of the Royal Commission on Medical Education, which reported in 1963, he warned the Government that unless firm action was taken immediately, the National Health Service would be short of about 11,000 doctors by 1975. The Todd report called for an increase in the intake of medical students from 2,500 a year in 1962 to 5,000 a year by 1970. (The provisional 1974-75 figure is 3,415.)

As Master of Christ's College, an appointment he has held since 1962, Lord Todd is at the heart of Britain's leading school of chemistry today. But another academic post he takes very seriously is his Chancellorship of the University of Strathclyde, in Glasgow, his home town. He is a non-executive Board member of the National Research Development Corporation, an agency whose record of commercial successes is dominated by chemicals.

# Science adviser job 'should be filled'

BY OUR SCIENCE EDITOR

A STRONG appeal to the Government to appoint a new chief scientific adviser to the Cabinet, a post vacant since Sir Alan Cottrell retired early last year, was made by the outgoing president of the Royal Society yesterday.

The need for central co-ordination would become acute if the country faced a sudden crisis involving science and technology, and most crises do, Sir Alan Hodgkin warned. Fellow scientists, he said, were "in a bit of a panic" and the post of chief scientific adviser, following Lord Cottrell's recommendations in 1971, came fully into effect. The post "must be difficult to

fill and perhaps frustrating to occupy," he said. But he believed that there was a strong case for a high-level scientific adviser to the Cabinet Office.

It was a widely held view that there was still not enough overall co-ordination of the scientific activities of ministries.

## Capital injection

This could be rectified by appointing a chief scientific adviser who would bring together the heads of research councils and the departmental chief scientists.

Sir Alan believed that sooner or later the Government would have to inject capital into U.K. industries or allow them to generate it for themselves. "To judge from the experience

of countries like Japan," some of this capital should go into building up industrial research and increasing the declining number of scientists and engineers in industry.

A chief scientific adviser who could speak on behalf of industrial science and technology might help to reverse an "unfortunate trend" and could contribute to the modernising of U.K. industry.

Another important function, he said, would be to prevent central Government from being overruled on some new and very expensive technical project, or from "interfering unwisely in the technological side of industry."

More fancifully, as he put it, the Government might be faced with a major epidemic of rabies.

It would then have to deal with awkward questions, involving a mixture of science and politics, which would not fit easily into one research council or Ministry.

Examples were whether all foxes—or all dogs—should be destroyed, how widely inoculation should be used, and whether inoculation should be compulsory.

## Five Ministries

Such questions would involve five different Ministries and several research bodies.

Although a chief scientific adviser would probably know little about rabies, he would know his way around Whitehall "and he would know how to get the best scientists to work both inside and outside Government."

OVERSEAS BRANCH  
TO HEAD OFFICE, U.K.  
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Arrange for them to have the Financial Times regularly.

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Prince's Building  
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Strand Building  
Sixth Floor  
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128 Queen Victoria Street  
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Further particulars can be obtained from the Joint Receivers and Managers.

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required for assignment on the Continent. Extensive experience in Sales Forecasting, Production Planning, Stock Control and Distribution essential. Practical experience in the application of O.R. techniques an advantage. Letters stating experience and applied techniques to Box E7024, Financial Times, 10, Cannon Street, EC4P 4BY.

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Ready to Box E7002, Financial Times, 10, Cannon Street, EC4P 4BY.

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Public company in manufacture of wood products in the building and home improvement markets is actively seeking acquisitions to extend its activities in these areas.

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already introduced to department stores, wholesalers, garden centres and mail order firms for an outstanding new and profitable product for hobby gardeners with rapidly increasing sales as the Continent.

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wishing to diversify, would welcome discussions with owners of profitable private company seeking a merger and share quotation.

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# WALL STREET + OVERSEAS MARKETS

## Market reacts: Dow is off 4

BY OUR WALL STREET CORRESPONDENT

AN EASIER TREND developed on Wall Street today, reflecting some tax-loss selling.

The Dow Jones Industrial Average reacted 4.33 to 836.34, and the NYSE All Common Index came back 28 cents to 447.96, while losses led gains by 876 to 510. Trading volume expanded 3.18m. shares to 16.03m.

Getty Oil fell \$44 to \$135.39. Brown Group \$11 to \$20. NCR \$11 to \$22.25. Tandy \$11 to \$44.11. Mountain Fuel Supply \$1 to \$29.17. Sperry Rand \$21 to \$40. and Hospital Affiliates \$1 to \$15.

Franklin Mint gave up \$11 to \$28. Digital Equipment \$4 to \$129.25. Moore McCormack \$11 to \$26.50. Overnite Transportation \$1 to \$19.10 and Rosario Resources \$1 to \$23.

Kennecott Copper slipped \$1 to \$29.50. The FPC denied its request for a further extension of the time for divesting Peabody Coal.

Reliance Electric declined \$11 to \$17.10, despite slightly higher fourth-quarter earnings.

Pan American Airways shed \$1 to \$35.10, obtained a new \$30m. revolving credit line.

Varian Associates advanced \$11 to \$12.50, on the development of an advanced ultrasonic scanner for medical research and diagnosis.

Cesna climbed \$11 to \$21.10, and Beech Aircraft moved ahead \$8 to \$13.10 on some favorable comments on their respective outlooks.

The American SE Market Value Index rose up 0.47 to 85.55 and declined led advances by 378 to 265.

SynTex lost \$2 to \$32.10 on lower first quarter earnings.

Norfolk rose \$1 to \$4.10 and Gerhart-Owen \$11 to \$24.

**OTHER MARKETS**

**Canada again lower**

Canadian Stock Markets were again lower in light trading yesterday.

The Industrial Share Index shed 0.42 to 178.98. Golds 1.45 to 165.58. Base Metals 0.25 to 73.25. Western 0.39 to 205.84. Utilities 0.04 to 127.61 and News 1.40 to 259.31. But Papers put on 0.45 to 88.37.

Dominion Foundries and Steel "A" fell \$1 to \$23.10 and Rembrandt Jewellery rose \$1 to \$4.55.

Noranda lost \$2 to \$30.10. Unity Bank dipped 20 cents to \$3.80 on a year-end loss.

**OVERSEAS SHARE INFORMATION**

**NEW YORK**

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**PARIS**—Mixed trend.

Banks, Financials and Chemicals were weak. Motors and Rubbers were mixed, while Stores gained ground.

Americans and Germans steadied. Oils and Coppers were mixed, while Golds were lower.

**BRUSSELS**—Mixed in moderate trading, with profit-taking cutting early gains.

Stocks continued their up trend. Cockerill put on Frs.38 to 970 and Clabeco Frs.280 to 5,110. Gains also predominated among Metals.

Union Miniere rose Frs.22 to 1,215. Asturienne rose Frs.90 to 1,760. and Vieille Montagne slumped Frs.205 to 3,940.

Chemicals tended higher. Holdings eased. Electrical and Utility shares finished steady, while Oils were narrowly mixed.

**AMSTERDAM**—Mixed trend. Banks and Financials were higher. Local Industrials generally firmed, while Shippings declined.

Bonds steady to firm.

**SWITZERLAND**—Generally very steady on selective buying.

Banks and Financials gained slightly. Insurances were irregular. Industrials, Banks and Chemicals improved.

State Bonds were little changed in quiet trading.

Dollar stocks were narrowly mixed.

**STANDARD AND POORS U.S. STOCK INDICES**

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**STOCK AND BOND YIELDS**

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**MONDAY'S ACTIVE STOCKS**

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## STOCK EXCHANGE REPORT

Equity leaders shake off initial bout of dullness  
Index up 3.9 at 361.2, after 351.5—Gilts mixed

## Account Dealing Dates

## Option

## \*First Declara- Last Account

## Dealings Dealings Date

## Nov. 17 Nov. 27 Nov. 28 Dec. 9

## Dec. 1 Dec. 10 Dec. 11 Dec. 22

## Dec. 12 Dec. 23 Dec. 24 Jan. 7

## \* New date for dealing with take place

## from 9.30 a.m. two business days earlier.

## Equity markets took a turn for

## the better yesterday afternoon

## after a fresh setback in the earlier

## dealings. A fairly cautious week-

## end Press on the outlook for

## equities coming on a market still

## digesting last week's bearish

## pointers set the seal for a dull

## start. Selling, however, soon dried

## up, and with some useful invest-

## ment demand developing, earlier

## falls were replaced by gains of

## a few pence or so by the close.

## The FT 30-share index, which

## touching its lowest of the day at

## 10 a.m., with a loss of 5.8 at 351.5,

## closed a net 3.9 higher at 361.2.

## British Funds made a mixed

## showing. Short-dated stocks

## hardened a fraction, but medium

## and long continued to reflect

## disappointment with the terms of

## the new long "tap" stock,

## announced last Friday, and closed

## with falls extending to 1. The

## Government Securities index lost

## 0.9 to 58.18.

## In contrast to the leaders,

## second-line equities made a

## generally dull showing, but in

## many cases were ending above

## the day's worst. Falls led rises

## by 2.1 in FT-quoted Industrials.

## Official markings of 6.344 com-

## pared with 7.404 last Friday and

## 7.360 a week ago.

## Gilts irregular

## Still registering disappointment

## with the new long "tap" issue,

## which many thought could have

## been of longer life, British Funds

## of extended maturity reacted fur-

## ther. Most vulnerable were stocks

## in the 1997 area and the existing

## Treasury 131 per cent. 1997—the

## new "tap" issue is designated

## "A"—fell 1 to 921, after 921,

## following switching shorter and

## particularly into the previous

## tap Treasury 131 per cent.

## 1997, which lost only 1 to 903.

## All quotations were above the day's

## lowest, with the falls tapering off

## and finally being replaced by

## small improvements among the

## shorts. Business here was

## moderate but interest was shown

## in high-coupon issues, generally 4

## or so higher. The possibility of a

## fall in U.S. Treasury bill rate

## 10-day was a helpful influence late

## in the afternoon.

## Noticeably quieter trading con-

## ditions made the day fairly un-

## eventful in the investment com-

## modity market and the premium

## closed unchanged at 122 per

## cent, after modest fluctuations.

## Yesterday's SE conversion factor

## was 0.0041 (0.0075).

## Eagle Star "rights"

## The announcement of a £25m

## "rights" issue from Eagle Star

## at the start of business yesterday

## had no real adverse effect on

## sentiment in Insurances, which

## gave ground with the general

## fall. Eagle Star touched 157.0

## immediately after the news then

## eased to 152.0 before rallying to

## close only a net penny lower at

## 151.0. The other major Com-

## posite that has not yet announced

## a "rights" issue this year, ended

## a penny lower at 102.0.

## Up to 5 easier after a quiet

## morning session, the big four

## Banks picked up well in the after-

## noon and, after a fairly active

## business, closed with gains of a

## penny or so. Lloyds were 2 better

## at 229.0, Bank of Scotland

## closed 5 higher at 285.0, while

## Australian issues did well on

## "down-under" advice; Commer-

## cial Bank of Australia were

## particularly favoured at 210.0, up 13.

## Down 6 last Friday, Anglo-

## Continental declined 2 more to

## 43p in Merchant banks. Lloyds

## and Scottish edged forward 2 to

## 89p in High Purchases following

## favourable Press comment.

## Conflicting views about pros-

## pects for the industry in two

## brokers' circulars dampened

## sentiment in Breweries and prices

## closed with an easier bias. Bass

## Charlton, with preliminary

## results on Thursday, lost 3 to 98p,

## while Arthur Guinness shed 2 to

## 131p and Scottish and Newcastle

## saw 1 to 56p. Matthew Brown

## saw 1 to 85p on the disap-

## pointing half-year results. Else-

## where, distillers closed only a

## shade easier at 17p, after 12p.

## Buildings had a couple of firm

## spots in March, 5p better at

## 114p and following Press com-

## ment, and Marshalls (Halifax), 5

## higher at 75p on the improved

## first-half profits. Elsewhere, Fas-

## hion closed 2 better at 125p,

## contrasted with a fall of a penny

## to 61p on the interim report.

## International Timber fell 5 to 85p,

## while Leyland Paint declined 4 to

## 89p, after 96p, and British Home

## Stores, 35p, after 30p, gained a

## penny apiece. Higher interim

## earnings took B. Paradise up 3 to

## 23p. Mail Orders had an easier

## bias, Empire Stores and Gratia

## Warehouses both finishing 3 to

## easier at 85p and 89p respectively.

## Leasing Engineers figured

## prominently in the about-turn,

## Tube Investments closing a net 6

## higher at 252p, after 246p. Lyle

## and GKN 2 better at 252p, after

## 248p, while the new nil-paid shares

## at 51p and 54p moved

## up 3 to 152p and 158p.

## ICI were finally unchanged at

## 213p, after 208p. Elsewhere,

## Chemicals, Enlon Hobbies edged

## up 3 to 51p and 54p.

## EMI advance

## After initial easiness, Electrical

## leaders came in for demand which

## found the market short of

## stock. EMI were particularly

## buoyant at 225p, up 11, while GEC

## finished 5 to the good at 140p,

## after 135p, and Thorn 10p better

## at 204p. Plessey ended only

## a penny harder at 71p. Else-

## where, Rediffusion continued to

## display dissatisfaction with the

## half year results, closing 3

## cheaper at 79p for a two-day loss

## of 7. Crelion Holdings softened

## 2 to 31p in reflection of the first

## half year results. Brocks

## Group, still helped by Press com-

## ment, hardened another 2 to 43p.

## Racal Electronics, ahead of Thurs-

## day's interim results, put on 3 to

## 125p, while Thorn 10p better

## on the full report, closed 11 better

## at 86p.

## Stores recovered from early

## weakness caused by Press com-

## ment suggesting a poor interim

## report, to 35p, after 30p, and

## a thin market before closing

## following a fairly good two-way

## business. W. H. Smith "A" was

## a notable exception, falling

## sharply to 35p, after 40p, and

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*Journal of Management Studies*, 19(1), 67-80.

*Journal of Management Studies*, 19(1), 67-80.



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## EEC summit agrees spending control plan

BY REGINALD DALE

THE EEC summit to-night agreed new measures to control Common Market spending, but the nine Government leaders were no nearer settling the major political issue of their talks here—the British demand for a separate seat at the forthcoming North-South conference on energy and raw materials.

It was clear that Mr. Harold Wilson, Prime Minister, will face heavy pressure from his Community colleagues to abandon his demand when the summit formally gets to grips with the issue to-morrow.

As the EEC Summit opened here this afternoon Herr Helmut Schmidt, the West German Chancellor, and President Valéry Giscard d'Estaing of France agreed on a joint bid to break the deadlock created by the U.K.'s refusal to accept that all nine Community countries, including Britain, should be represented by a single EEC delegation.

The French and German leaders agreed over lunch that a special effort should be made during the two day summit here to see that the Paris conference goes ahead as arranged on December 16.

Some officials were to-night predicting that after a day of deadlock to-morrow, Mr. Giscard d'Estaing would simply announce he was postponing the conference and try to fix the blame squarely on the U.K.

Earlier Mr. Leo Tindemans, the Belgian Prime Minister, said he was pessimistic about hopes of finding a compromise, and it was still far from clear to-night what form such a compromise might take. One theory was that the eight might try to persuade Mr. Wilson to accept a joint EEC delegation in exchange for the adoption of a Community position that met Britain's special requirements as an energy producer.

Officials said two other British proposals had also been broadly agreed.

At the end of to-night's formal session, there appeared to be some misunderstanding of the position Mr. Wilson had taken on direct elections to the European Parliament.

Although it was emphasised on the British side that its position remained unchanged, several other delegations, including France and West Germany, had gained the impression that Mr. Wilson had now accepted that the first European election should take place in 1978.

The British line was that the Government was wholly committed to the principle of direct elections but that it would be impossible to meet the 1978 target date for technical reasons. Nevertheless, diplomats from other countries were to-night hopeful that some kind of compromise of 1978 might be wrung from Mr. Wilson to-morrow. Italy, which is chairing the summit, is pressing hard for a decision within the next 24 hours.

The measures to control EEC spending, agreed in principle to-night, include the appointment

ROME, Dec. 1.

of a special financial commissioner in Brussels with the power to veto proposals costing too much money. Britain has given strong support to this West German idea, which is expected to take effect from the beginning of 1977.

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## Irish police free girl suspect

BY GILES MERRITT

DUBLIN, Dec. 1.

A FUROR looms over the Irish authorities' decision to-night to release Miss Margaret McKearney and three other suspected Provisional IRA activists.

Miss McKearney, 21, is wanted in Southampton under Court orders for the possession of arms and explosives offences.

In spite of the political nature of the decision, the Irish Government is officially describing it as a "police matter."

Police in Dublin have refused to comment on the freeing of the four—except to point out that Miss McKearney would still be in custody if the Hampshire police had indicated their intention to begin extradition proceedings under the warrant issued in April this year. It appears that no such approach was made.

The four were detained on Saturday evening at the border town of Monaghan under the anti-terrorism Offences Against the State Act.

All four—who included a sister-in-law of jailed Provisional leader David O'Connell—were released at 2 p.m. This was seven hours before the 48-hour deadline by which charges had to be brought against them.

In a police statement issued to the press, the charge of IRA membership.

All that is required to convict a person charged with IRA membership is a statement to the Special Criminal Court by a senior police officer that he had reason to believe that the accused was a member of an illegal organisation at the time of arrest.

Miss McKearney's release is likely to strain further relations between the British and Irish police forces.

But there are also fears that it could lead to a campaign of "retaliatory" bombing in the Republic by Northern Ireland's Protestant para-military group, "The largest of the Loyalist 'private armies'."

The Ulster Defence Association, 10-day claim responsibility for the week-end bombing of Dublin Airport.

Richard Evans, writes in London, "If in all parties were bitterly disappointed at the decision to release Margaret McKearney from custody in Ireland."

After months of closer relations between the two Governments, Ministers were reluctant to be too critical of the Irish authorities.

But the McKearney incident has undoubtedly led to a feeling of intense frustration in London over the difficulties involved in capturing and prosecuting terrorists in the Republic.

An extradition warrant against a wanted terrorist is unlikely to succeed, because the wanted person can claim judicial immunity on the ground that crimes were committed with a "political motive."

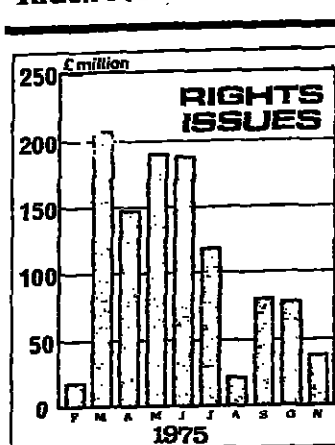
The British Government bases its hopes for an improvement in the situation on the Criminal Law (Jurisdiction) Bill now in its final stages before the Irish Parliament. Under the Bill, those suspected of conspiracy to cause explosions could be tried by courts in Britain or the Irish Republic.

Detainees released. Page 10

## THE LEX COLUMN

# Eagle Star joins the crowd

Index rose 3.9 to 361.2



Eagle Star's £25.8m. rights issue—by far the largest since Grand Metropolitan's two months ago—has left only General Accident among the seven composites still absent from the list. An apparently paradoxical point is that even before the issue, ES's solvency margin of 45 per cent. is slightly higher than the sector average. But the company told the Monopolies Commission during last year's investigation into the proposed Sunley and Grovewood mergers that a stronger than average margin was desirable because of the high proportion of long tail business (motor and liability) which is especially vulnerable to inflation. Anyway, the issue lifts the solvency margin by nearly 13 points on expected 1975 non-life premiums of £200m. to near the top of the composite league. But the margin was 105 per cent. after the last rights issue in 1961.

A difference from some other composites is the size of some of its individual investments, especially in associates, and so it could be affected by forthcoming regulations which may limit the proportion of value of such large holdings which can be taken into account for the technical solvency calculations. However, this should not reduce the margin by much more than five points.

The large profits transfer from the life business, included in the books for only £1,000, has in the past meant that the company's shares have traded at a premium to the sector though this has now largely disappeared—the ex-rights yield of 6.4 per cent. is in line with the composite average. Incidentally, the discount of 20 per cent. to the week-end price is one of the tightest in recent issues and compares with the 23.5 per cent. for the Royal issue in mid-September.

(See also Page 13)

## Special steels

The demand outlook for steel industry is as bleak as at any time this year. Most of the independent prices in the sector have aged in performance surprisingly well. Johnson and Pirth has just a tenth short of its peak while Samuel Osborn, Neepe and Allen have all moved even more closely in line with the index. Yesterday Osborn's 1974 sales trends underlined the top's volume problems, but also helped to remind the market that some groups have cushions.

U.K. steel output this year a tenth lower after ten months and although special steels are not necessarily hit tightly at this overall picture, the trends at Osborn are depressing. Over the two halves 1974-75 sales dropped 4 per cent. in value, and with Africa moving well that long a sharp drop in U.K. volume mostly cutting steels. At same time Allen Balfour's order books fell by some like a third in just five months to November 1. And in earnings in the sector are to fall this year. But Balfour is one exception enough recovery/loss elimination outside steel to keep a sharp drop in U.K. volume a 15 per cent. setback second half profits Osborn raised its net dividend around 27 per cent. growth overseas has offset U.K. steel setback kept overall profits all-year at £2.9m. pre-tax. The share yield 71 per cent. at 52p fully paid cover extending three times.

(See also, Page 20)

## France ready to co-operate on European arms production

BY ROBERT MAUTHNER

PARIS, Dec. 1.

FRANCE HAS taken an important step towards European defence co-operation by agreeing to the creation of a special independent military command in 1985 and, as President Giscard made clear only a few weeks ago, has no intention of rejoining it.

The decision in principle by the European Ministers to set up a Defence Procurement Secretariat is treated with suspicion by the French because it smacks too much of a new Nato institution. It is seen as a trap—particularly in Gaulist circles—to lure France back into the Nato fold.

For this reason, the French have specified in their reply that any discussion on co-operation in the field of arms production must be entirely inter-governmental and take place in an independent body—without any links with existing organisations such as Nato itself or the European Community.

It was not immediately clear how the French intend to deal with the closely-linked

problem of standardisation of arms, except that they do not believe that production and standardisation should be discussed in the same forum.

Standardisation is a problem for the Alliance as a whole, officials here stressed, and will be discussed by the Nato Council of Ministers, in which the French participate, at its next meeting on December 11 and 12.

It was emphasised in Paris, however, that any standardisation of European and American arms must not take place at the expense of the European armaments industries and must safeguard the advanced technological know-how and industrial capacity which already exists in Europe.

In French eyes, the problem of arms procurement can be dealt with once a solution has been found to that of co-operation on arms production, although it is unclear how the two questions can be separated in practice.

French defence policy, Page 7

## Eurocanadian reduces Furness Withy stake

BY MARGARET REID

EUROCANADIAN SHIPHOLDINGS, a company with Canadian and Swiss connections, has disclosed that it is reducing its 28.8 per cent stake in the Furness Withy shipping group, which was last week referred to the Monopolies Commission, to 20.6 per cent.

In doing so, Eurocanadian said the move would "facilitate the situation in the event that the Monopolies Commission rules unfavourably on our holding shares in FW."

Although its stake in FW was now below the level of "normal" reference to the Commission, (25 per cent.) Eurocanadian believed the commission's inquiry should still proceed. This, it added, was because "we remain interested in Boardroom representation and in rebuilding a shareholding in FW if the commission's ruling is favourable."

Some confusion last night surrounded the exact circumstances of the lowering of the Eurocanadian interest by 8.2 per cent. of FW's shares, a holding worth £4.25m. at market prices.

When Eurocanadian first disclosed in September that it had built up a 28.8 per cent stake in FW, it was widely believed that the bulk of this holding had come from interests associated with Norwegian shipowner Mr. Hilar Reksen, which have been affected by the world tanker slump, and from interests associated with Hambros Bank.

Last night, Hambros claimed that Eurocanadian had undertaken to buy an 8 per cent stake in FW from the bank but had not in fact acquired it. Eurocanadian responded to this by saying: "We have never commented on our share transactions." In the City, there was speculation that there might have been some element of conditionality over earlier arrangements for Eurocanadian's purchases of FW shares.

Reporting the lower Eurocanadian stake yesterday, FW said it had been "informed that Eurocanadian Shipholdings has made arrangements to reduce its 28.8 per cent shareholding to 20.6 per cent."

7,725,944 FW shares by the disposal of an interest in 2,193,368 shares to third parties who are not associated with Eurocanadian.

Eurocanadian indicated that it had no plan for any further lowering of its shareholding in FW. Shares of FW last night closed 1p up at 193p.

## Sime Darby

Sime Darby's early conversion offer to the holders of the S.S.29.4m. 51 per cent. bonds 1988 follows similar recent moves from Guinness Peat and Johnson and Pirth Brown, but the proposals have a number of unusual features peculiar to the company. Thus the terms of exchange — 675 shares for each bond — are equivalent to 2.46 times the present rate of conversion and represent a 54 per cent. increase in capital value on Friday's closing price. This premium has been made necessary partly because of the

## Eurocanadian

The story of Eurocanadian's entanglement with Furness Withy took another twist yesterday with the news of a reduction in the Eurocanadian stake from 28.8 to 20.6 per cent. There had arisen, the company said, the "opportunity" to dispose of a certain quantity of shares to third parties not associated with it. Conveniently, it would appear, Eurocanadian has been able to lighten the financing burden of its stake by shedding shares worth around £4m., while reducing the danger

## Government may help BSC finance steel stocks

BY ADRIAN HAMILTON

THE Industry Department may step in to support new attempts by the British Steel Corporation to finance steel stocks during the recession.

Answering questions in the Commons yesterday about the corporation's failure to raise some £75m. for this purpose from City institutions, Mr. Eric Varley, Industry Secretary, said that the Government was anxious that there should be machinery for co-ordinating steel plant.

British Steel recently attempted to raise money from the City by selling stocks under a guarantee to buy them back at an agreed price. But the scheme

seems to have failed, largely because of Treasury and Bank of England opposition to its indexation aspects.

The Department of Industry, which had originally supported the idea, is now thinking of a number of ways in which the idea could be pursued, quite possibly with a predominantly Government-backed scheme.

Financing of stocks at a time when, as Mr. Varley described it, the BSC was "facing the worst recession for 40 years," is regarded by the Department as not only a useful way of providing more funds for the Corporation, but also as a means of sustaining

## Another round of talks on Chrysler rescue

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE GOVERNMENT is expected to see Mr. John Riccardo, the Chrysler Corporation chairman, in London this week before announcing its terms for a limited rescue of Chrysler's wholly-owned British subsidiary.

Mr. Riccardo, who was in London last night en route to Paris, will return later this week.

A statement from the Department of Industry is expected after the Cabinet meeting on Thursday, although in the House of Commons yesterday, Mr. Eric Varley, Industry Secretary, refused to set a firm timetable to the Government's announcement.

The Government has clearly been determined in recent weeks not to be rushed into a decision on Chrysler, but it has been hampered by divisions in Cabinet on the question of how much aid to give the company, and the importance of supporting it in rebuilding a shareholding in FW if the commission's ruling is favourable.

It has also been consulting British Leyland on the impact of a break-up of Chrysler on its affairs, and the possibilities of linking Chrysler's activities with those of the new State-owned company.

Shop stewards at Stoke, Coventry, have decided against setting out a firm programme of action until the Government makes its announcement.

One pressing reason for an early Government statement, which was raised with Mr. Varley in the Commons yesterday, is that the long delay is eroding confidence in Chrysler's cars, and creating difficulties with its dealers. Chrysler is expected to achieve only a 5.4 per cent. share of the U.K. car market in November, and is now offering dealers up to £150 on each new car sold in an effort to stimulate sales.

The November registration figures will show equally bleak results from British Leyland, which is expected to drop to about a 24 per cent. share of the market, against targets of over 30 per cent. because of its supply problems. BL's position at the top of the lists will be taken by Ford, which is expected to have a share of about 29 per cent., with the importers taking about 34 per cent.

Parliament, Page 14

## Union pulls out of Fleet Street talks

THE CHANCE of an agreement governing the introduction of computer-based technology in national newspapers has suffered a setback following withdrawal of a union from top-level negotiations with management arranged for later this week.

Two other unions decide to-day whether to attend the talks, and both—the National Graphical Association and the Amalgamated Union of Engineering Workers—are known to have reservations on the proposed joint strategy drawn up by a meeting of printing union leaders last week.

If they follow SLADE which covers process workers, and boy-friends talks with Fleet Street employers, this would reduce chances of smooth implementation of technological changes planned by several national newspapers.

After a week-end meeting of the SLADE executive, Mr. John Jackson, the union's general secretary, has written to Mr. Bill Keys, the Society of Graphical and Allied Trades general secretary and chairman of the TUC printing industry committee, saying that SLADE did not believe it would be "wise or helpful" to take part in Friday's talks.

A meeting of the NGA news trade group committee to-day is expected to opt out of Friday's talks because other printing unions are refusing to maintain existing demarcation lines

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## Haw Par: City visit

SENIOR DETECTIVES from Hong Kong who are in Britain to continue their inquiries into Haw Par Brothers International, of Singapore, and other companies formerly associated with Slater Walker Securities, are to confer with City of London police officers to-day.

The visiting officers, Senior Superintendent Peter Wassell, head of the commercial crime office of the Royal Hong Kong Police, and Chief Inspector Paul Bailey, arrived in London at the week-end.

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Weather		
U.K. TO-DAY		
London, S.E., Cent. & England, E. Anglia, E. Midlands, Channel Islands.		
Rain Wind S.W., strong to N. moderate Max 48F (9C) to 50F (10C)		
W. Midlands, S.W., N.W. England, Wales.		
Showers, some hail Wind W. fresh to strong, Max 50F (10C) to 52F (11C)		
BUSINESS CENTRES		
City	Temp	Wind
Aberdeen	40	W 10
Aberystwyth	40	W 10
Belfast	40	W 10
Birmingham	40	W 10
Bristol	40	W 10
Cardiff	40	W 10
Edinburgh	40	W 10
Glasgow	40	W 10
London	40	W 10
Manchester	40	W 10
Newcastle	40	W 10
Nottingham	40	W 10
Sheffield	40	W 10
Southampton	40	W 10
Stoke	40	W 10
Swansea	40	W 10
Torquay	40	W 10
Wolverhampton	40	W 10
Wrexham	40	W 10

## HOLIDAY RESORTS

City	Temp	Wind
Aberdeen	40	W 10
Aberystwyth	40	W 10
Belfast	40	W 10
Birmingham	40	W 10
Bristol	40	W 10
Cardiff	40	W 10
Edinburgh	40	W 10
Glasgow	40	W 10
London	40	W 10
Manchester	40	W 10
Newcastle	40	W 10
Nottingham	40	W 10
Sheffield	40	W 10
Southampton	40	W 10
Stoke	40	W 10
Swansea	40	W 10
Torquay	40	W 10
Wolverhampton	40	W 10
Wrexham	40	W 10

## Jobs plan in six months

BRITAIN'S first comprehensive manpower policy is to be drawn up during the next six months by the Government's Manpower Services Commission under the supervision of a new director whose name was announced yesterday.

He is Mr. John Cassels, 47, chief executive of the Training Services Agency. He will take up his £14,000 a year job as the Commission's first director with the civil service rank of deputy secretary next Monday.

Other changes linked with this are the return to the Department of Employment of Mr. Jim Galbraith, the Commission's secretary, who will now be in charge of the DE's industrial relations work. Mr. Cassel's job at the training agency is being taken by Mr. Ken Cooper, who at present is chief executive of the Commission's twin Employment Services Agency.

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